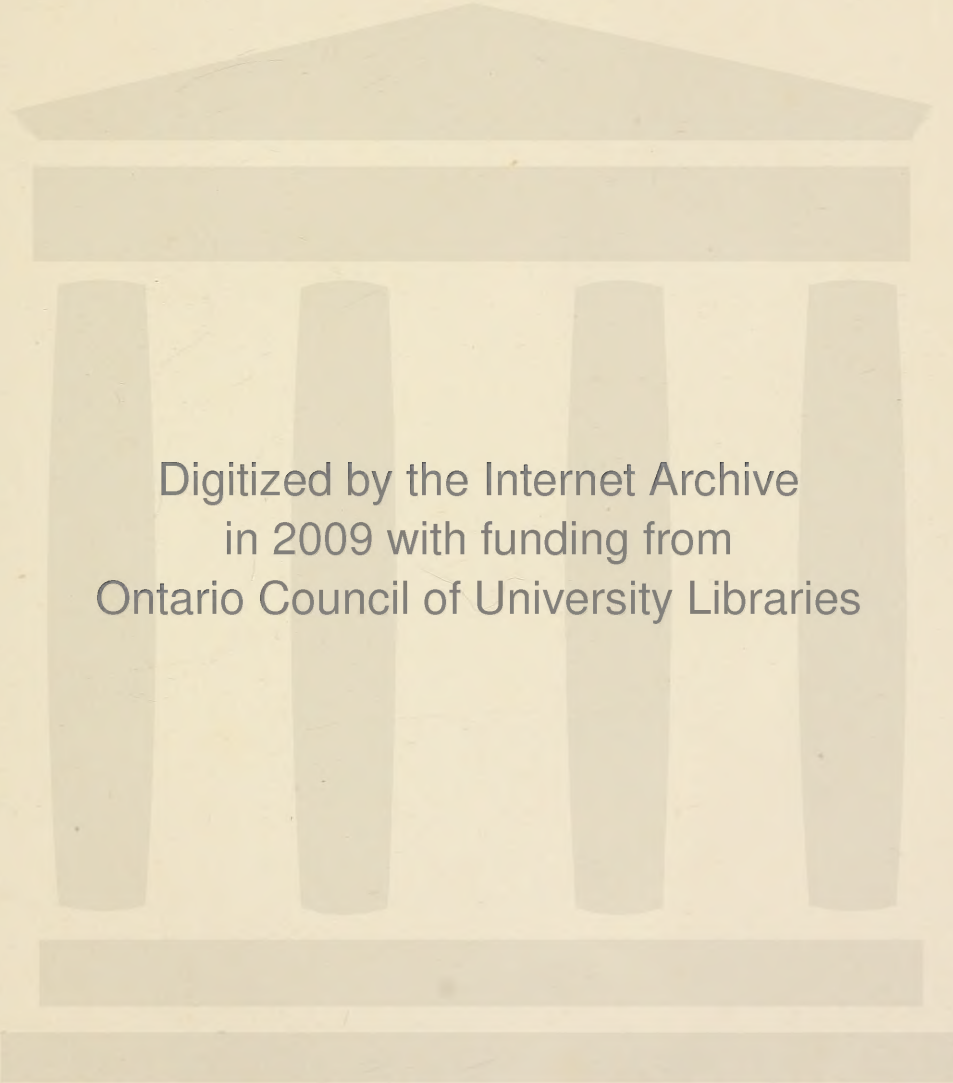


COMMERCIAL COURSE
IN BOOK-KEEPING

DICKINSON AND YOUNG

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THE
COMMERCIAL COURSE

...IN...

PRACTICAL BOOK-KEEPING
AND
BUSINESS FORMS

FOR

COLLEGIATE INSTITUTES, HIGH AND PUBLIC SCHOOLS

BY

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PREFACE.

1. It has been the aim of the authors to present the work of this new Commercial Course in such a way as to give the student a thorough knowledge of the Principles of Book-keeping, and also to show him the necessity for variety in the form and use of books according to the requirements of different business houses. No text book nor commercial course, however practical, can impart to the student a comprehensive knowledge of the many books used, and of the various methods of keeping them in different offices. This can only be obtained by actual experience.

2. Although much material usually found in book-keeping text books has been discarded as of little disciplinary or practical value, yet all the types of business transactions and business forms which the average student will meet in actual practice have been introduced, with the necessary information concerning their usage.

3. Care has been taken to grade the transactions to advantage, to give full explanations of every step, to place the explanation of the principle involved side by side with the practice, and to encourage the student to test the thoroughness of his knowledge and the accuracy of his work.

4. The order in which the different accounts and books have been introduced, the gradation of the exercises as well as the treatment of the various business forms involved in the transactions recorded, is the outcome of a long and successful experience in teaching Commercial Classes in both High and Public Schools, and it is hoped they will commend themselves to all practical teachers of the subject.

5. It is confidently expected that this Course will be of material assistance to all teachers of Commercial and Continuation Classes in Public Schools, and to those of the Commercial Department of High Schools and Collegiate Institutes, in not only lessening their labor but also in improving the character and practical value of the results of their class-room work.

THE AUTHORS.

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BOOK-KEEPING.

CHAPTER I.

Book-keeping is the science of recording the transactions of a business in such a way as to show at any time the true state of the business or of any part of it. The ultimate object in keeping a set of books is to enable the business man to ascertain the value of the business or his financial standing.

It may very properly be called **account keeping**, and, in order that the student may become a good book-keeper, he must learn the nature of the various accounts kept in any business. He must know, not only what each account records and what result it shows, but also how this result is used in ascertaining the financial standing, and the relation each account bears to the whole system.

A junior clerk may have charge of only **one department** of the book-keeping. It may be the writing of the petty Cash Book, the general Cash Book, the Bill Books, or the Ledger from one or more of these books. He may do his work carefully, thoughtfully, even accurately, and yet may not know the importance of the result of his work, in the final statement of the affairs of the business. The chief accountant, however, knows how important it is that all results be accurate, and just what bearing each has on the final result. Not until the junior clerk has done the work of all the departments, kept successfully the various accounts, books, etc., in connection with the general system in use, and understands the place of each in the system, is he competent to take charge of the books, or to become chief book-keeper.

A business transaction is an exchange of values. It signifies that the things exchanged are of equal value to the parties concerned in the transaction. If John Smith purchases from you a suit of clothes for which he pays \$10, a transaction has taken place between you and Smith, and each considers the value received equal to that parted with.

An account may be defined as a **record**. Records may be kept in connection with various things. One may keep a record of the weather, the rainy days during the year, the frosts in September, the prevailing winds, etc. The teacher may keep a record of attendance, of perfect lessons and imperfect ones. The foreman may keep a record of his laborers' work; the watchman of his rounds; the dispatcher of his trains; and the ticket agent of his tickets.

As applied to Book-keeping, however, an account (abbreviated thus: a c) is a record of business transactions. Hence a Cash a/c is a record of business transactions with cash; a Mdse. a/c is a record of business transactions with goods; a Bank a/c is a record of business transactions with the bank; and so on with all the others coming under the notice of the book-keeper, each being a record of transactions with some values represented by that a/c.

An account may be recorded in various forms. The form given on p. 2 is found in a great many Ledgers, and is recommended for use by the student until he has mastered the elementary part of the subject. It will be noticed from the given form that an a c is divided into two parts by a double vertical line. By common consent the **left-hand** side is called the **Debit**, and the **right-hand** the **Credit**. The two columns to the left of each division are for the date of the transaction; the two to the right for the amount of the transaction; and the wider middle column for the explanation of the transaction.

When the book-keeper records a transaction in any a c showing the date, amount, and explanation thereof, he is said to make an entry in the a/c. **A Debit entry** is the record of the **value received** in a transaction, and **a Credit entry** is the record of the **value parted with**.

A Debit explanation usually begins with the word "To," and a Credit explanation with the word "By."

Dr.	(Values Received.)	Name of a/c.	(Values Parted With.)	Cr.	
Date.	Explanation of transaction.	Amount.	Date.	Explanation of transaction.	Amount.

Cash a/c is a record of all cash received and all cash paid out, and shows when balanced, the amount of cash on hand.

By a universally-recognized rule in book-keeping the receipts are recorded on the debit side of the a/c, while the payments are recorded on the credit side. It will be evident to the pupil that the credits can never exceed the debits in amount. Should there be a difference, the debits must be the greater, and to balance the a/c this difference must be added to the credits. Hence the record of the cash on hand at closing, i.e., the closing entry, always appears on the credit side.

In making a **debit entry** in Cash a/c use the introductory word "**To**" followed by the words "**Amt. of cash recd.**" and any others necessary to fully explain the transaction. In making a **credit entry** use the introductory word "**By**," followed by a full explanation of the payment. The practical book-keeper does not write the explanations so fully as this. Sometimes he uses but one word, and possibly nothing but the date and amount of the transaction. Still he always interprets his entries in this a/c according to the written statements as made in the a/c below, and the student will find it of great value in interpreting and understanding his records to write all entries in full till he has gone over all the a/cs in Chapter I.

EXERCISE I.

CASH TRANSACTIONS.

Jan. 1, 190—. Cash on hand \$40. 1.—Sold 1 load of hay for cash, \$12. 2.—Paid hired man 1 month's wages, \$15. 2.—Sold horse for \$90. 2.—Paid store-keeper \$50 on a/c. 3.—Sold 2 lambs at \$3.50, \$ —. 3.—Paid for 1 pair of boots \$4. 4.—Paid for waggon \$60. 5.—Borrowed from John Jones \$10. 6.—Paid balance of store account, \$25.

Find amount of cash on hand Jan. 7, by completing the following Cash a/c and showing how the closing entry was obtained.

Dr.	(Amounts Received.)	CASH A/C.	(Amounts Paid.)	Cr.
190—.			190—.	
Jan. 1	To amount of cash on hand - - -	40 00	Jan. 2	By amount of cash paid for wages 15 00
" 1	To " " received for hay 12 00		" 2	By " " " storekeeper 50 00
" 2	To " " " " horse 90 00		" 3	By - - - - - - - - - -
" 3	To - - - - - - - - - -		" 4	By - - - - - - - - - -
" 5	To - - - - - - - - - -		" 6	By - - - - - - - - - -
			" 7	By amount of cash on hand 5 00
		159 00		159 00

1. On which side of the a/c do you record cash receipts? Why?
2. Why is the cash on hand at the beginning recorded with the receipts?
3. How many receipts are there? How many payments?
4. What do the receipts amount to? The payments? What is the difference?
5. To which side must this difference be added to make both sides equal?
6. Could the total payments be greater than the total receipts? as great?
7. Could the closing entry of this a/c ever come on the debit side? Why?

EXERCISE II.

CASH TRANSACTIONS—(continued).

Jan. 9. Cash on hand \$——. 9.—Sold for cash 1 load of hay, \$10; 60 bushels wheat at 85c. Paid for 1 set of harness \$21. 10.—Sold 2 cows for cash at \$30. 10.—Received cash from John Jones, \$10. 11.—Paid taxes, \$12.50. 12.—Sold 63 ducks at 30c. each. 13.—Paid for buggy \$35.00 14.—Sold horse for \$100.

Find amount of cash on hand Jan. 14.

Mdse. a/c is a record of all goods bought and sold for profit. The debit side records goods bought, or the cost price of our stock, and the credit side records the selling price. If the cost exceeds the selling price, the result will be a loss. If the selling price is greater, the result will be a gain. Hence it will be evident that if the debits exceed the credits, the difference will be a loss, and if the credits exceed the debits the difference will be a gain. It is important to notice that when the closing entry of this a/c comes on the debit side it always shows a gain, and when on the credit, a loss.

Whenever this a/c is to be closed and all goods are not sold, it would be cheating the business not to take into consideration the value of these goods on hand, and to credit the a/c with such a sum as the book-keeper estimates they would sell for at the time. It is customary to value such goods at the cost price, so that the estimated credit will more likely be received.

EXERCISE III.

MDSE. TRANSACTIONS.

Jan. 16, 190—. Goods in store \$400. 16.—Sold goods for cash \$56. 16.—Sold goods to A. Cox on a/c \$10.50. 17.—Sold goods to B. Way on his note \$45. 17.—Sold goods to J. Jones on a/c \$15. 17.—Cash sales \$52. 18.—Cash sales \$44.60. 18.—Sold goods to B. Barker on a/c \$9.40. 19.—Cash sales \$60. 20.—Bought goods from A. B. Scott & Co., wholesale, during the week \$200. 21.—Goods in store to-day inspected and valued at \$380.

Find the gain or loss for the week, by completing the following a/c and showing how the closing entry was obtained on the 21st.

Dr.		(Cost Price of Goods.)	MDSE. A/C.		(Selling Price of Goods.)	Cr.			
190—.					190—.				
Jan.	16	To Amt. of goods on hand - - -	400	00	Jan.	16	By Amt. of goods sold for cash - - -	56	00
"	20	To Amt. of goods bought from A. B. Scott & Co., wholesale - -	200	00	"	16	By " " " " to A. Cox - - -	10	50
"	21	To Amt. of gain - - - - -	72	50	"	17	By - - - - -		
					"	17	By - - - - -		
					"	17	By - - - - -		
					"	21	By Amt. of goods on hand - - -	380	00
			672	50				672	50

1. How many purchases were made during the week? How many sales?
2. Why are the goods on hand at the beginning recorded with the purchases?
3. Why do you record the goods on hand Jan. 21 with the sales?
4. Should this amount be added to the sales to find the total selling price or proceeds?
5. What is the difference between the cost price and the selling price?
6. What does this difference represent?
7. On which side do you record it to close the a/c? Why?
8. Could the cost price ever be greater than the selling price? If so, on which side would the closing entry be placed? What would it represent?

EXERCISE IV.

MDSE. TRANSACTIONS—(continued).

Jan. 23. Goods on hand \$——. 24.—Bought goods from wholesale for cash \$240. 24.—Sold goods on a/c to A. Cox \$22; also to B. Way on a/c \$12.50. 25.—Cash sales to-day \$24.20. 26.—Cash sales to-day \$35. 28.—Bought groceries from A. B. Scott & Co., wholesale, for cash \$96. 29.—Sold on a/c to B. Fox \$16.25; A. Cox \$5; B. Barker \$16.40; A. Bond \$20.10. 30.—Took stock to-day and valued the goods on hand at \$500.

Find gain or loss for the week, and close the a/c Jan. 31.

Bills Receivable and **Bills Payable a/cs** record written promises received from others, and those of ours issued to others. Written promises called "Promissory Notes," occupy an important place in our commercial system. The consumer buys on the strength of his crop prospects, or his future earnings; the retail dealer buys from the wholesale, and the wholesale dealer from the manufacturer, more goods than they can pay for at the time of purchase, on the strength of their prospective sales in time to meet payment. As a result of this there has arisen the very general custom of giving promissory notes in payment of debt.*

It will be necessary for the student to distinguish between "Our Notes" and "Others' Notes." "Our Notes" does not mean notes in our possession; but notes which have been signed by us, being our promises to pay. They are always in the possession of some other party and are presented to us for redemption when due. In the same way "Others' Notes" are not those in others' possession; but those signed by others, being their written promise to pay-us, and are held in our possession.

The **Bills Receivable a/c** records all others' notes received, and those of them afterwards disposed of. Others' Notes received by us are recorded on the debit side of the a/c; those disposed of on the credit side. The difference between the two sides, or the closing entry of the a/c, shows the amount of others' notes on hand and will always be found on the smaller or credit side.

The **Bills Payable a/c** records all our notes issued, and those of them afterwards redeemed. It is credited with the amount of our notes issued and debited with the amount of those afterwards redeemed. If there is a difference the debit side must be the smaller; consequently the closing entry must always be on the debit side, and will show the amount of our notes outstanding, not paid, or unredeemed at the date of closing.

EXERCISE V.

TRANSACTIONS WITH OTHERS' NOTES.

Feb. 1, 190—. We have on hand F. Ford's note for \$35.50. 2.—Received Geo. Gunn's note for goods sold to him to-day, \$85.50. 2.—Received H. Hunt's note for balance of a/c against him, \$56.50. 4.—Bought a horse from C. Clark for \$85.50, giving in payment G. Gunn's note for \$85.50. 5.—Sold goods to A. Bond on his note, \$120. 6.—F. Ford paid cash for his note, \$35.50.

Find the amount of others' notes on hand Feb. 6, by completing the following a/c and showing how the closing entry was obtained.

* The Constitution of Canada gives to the Federal Government alone the right to legislate on matters of commerce, and, as written promises form so important a part in the conduct of commercial enterprise, the Federal Government alone has the right to legislate on the subject of written promises. The legislation on this subject will be found embodied in "The Bills of Exchange Act, 1890," the study of which at a later stage is recommended if the student wishes to become a first-class accountant.

Dr.		(Others' Notes Received.)	BILLS REC. A/C.		(Others' Notes Disposed of.)	Cr.			
190—.			190—.						
Feb.	1	To Amt. of F. Ford's note on hand - - - - -	35	50	Feb.	4	By Amt. of G. Gunn's note dis- posed of for horse - - - - -	85	50
"	2	To Amt. of G. Gunn's note received for goods - - - - -	85	50	"	6	By - - - - -		
"	2	To - - - - -			"	6	By Amt. of others' notes on hand.	176	50
"	5	To - - - - -							
			<u>297</u>	<u>50</u>				<u>297</u>	<u>50</u>

1. How many notes were received during the week?
2. How many of them were disposed of?
3. How many of them are still on hand? What is the amount?
4. On which side of the a/c will the closing entry appear? Why?

EXERCISE VI.

TRANSACTIONS WITH OTHERS' NOTES—(continued).

Feb. 8. Others' Notes on hand \$——. 8.—Sold goods to B. Cox for his note, \$30. 9.—Lent \$50 to A. Jones on his note. 9.—Received cash from A. Bond in payment of his note, \$——. 10.—Sold goods to D. Gunn on his note, \$20.

Find the amount of others' notes on hand Feb. 13.

EXERCISE VII.

TRANSACTIONS WITH OUR NOTES.

Feb. 15, 190—. My note in favor of Jno. Jones outstanding, \$200. 15.—Gave my note to A. B. Scott & Co. for goods bought, \$350. 18.—Gave A. Black my note for balance of his a/c against me, \$42.50. 19.—Gave my note in favor of Jno. Adams for horse purchased from him, \$75. 20.—Redeemed my note with cash, favor Jno. Jones, \$200. 20.—Redeemed my note favor A. B. Scott & Co. with cash, \$350.

Find the amount of my notes outstanding Feb. 20.

Dr.		(Our Notes Redeemed.)		BILLS PAY. A C.		(Our Notes Issued.)		Cr.			
190—.						190—.					
Feb.	20	To Amt. of my note redeemed favor of J. Jones - - - -		200	00	Feb.	15	By Amt. of my note outstanding - - - -		200	00
"	20	To - - - - -				"	15	By " " " issued for goods - - - -		350	00
"	20	To Amt. of my notes outstanding		117	50	"	18	By " " " issued to A. Black on a c - - - -		42	50
						"	19	By - - - - -			
				667	50					667	50

1. How many of our notes were issued during the week?
2. How many of them were redeemed?
3. How many of them are still outstanding? What is the amount?
4. On which side of the a/c will the closing entry appear? Why?
5. Could the closing entry of this a/c ever appear on the credit side? Why?

EXERCISE VIII.

TRANSACTIONS WITH OUR NOTES—(continued).

Feb. 22, 190—. My notes outstanding, \$——. 23.—Bought delivery waggon, giving my note in payment, \$24
25.—Bought goods from wholesale on my note, \$360. 28.—Redeemed my note favor of A. Black, \$——.

Find the amount of my notes outstanding Feb. 28.

Jno. Smith's a/c is a record of all values that Jno. Smith receives from us on a/c, or gives to us on a/c, *i.e.*, values that he receives or gives, without giving or receiving an equivalent value at the time.

If Jno. Smith comes into our store and purchases \$5 worth of groceries for which he pays cash, or if he sells potatoes to us for \$5, for which he takes groceries of the same value, his a/c is not affected. Neither transaction has changed his relation to us as debtor or creditor. It is only when he receives or gives on a/c or on credit, that his a/c is affected, and so, only such transactions should be recorded in his a/c. It will be noticed that in the previous a/cs with Cash, Goods, and Notes, each a/c was debited with the thing received, and credited with the thing parted with, or given out. So here we debit Jno. Smith's a/c with the value he receives on a/c, and credit his a/c with the value he gives us on a/c.

EXERCISE IX.

TRANSACTIONS WITH JNO. SMITH ON A/C.

Mar. 1, 190—. He owes me \$15. 2.—Sold him 2 pairs of boots at \$1.50, \$——. 3.—Received from him 15 lbs. butter at 15c., \$——. 4.—Sold him 1 keg of nails, \$2.15. 5.—Received from him 10 bags of potatoes at 60c., \$——; also cash \$10 loaned him last month. 6.—Sold him dry goods as per bill enclosed, \$9.60.

Show how the a/c stands on Mar. 6, by completing the following record. Show how the closing entry was obtained.

Dr.	(Values he Re- ceives on a/c.)		JNO. SMITH'S A/C.	(Values he Gives on a/c.)		Cr.			
190—.			190—.						
Mar.	1	To Amt. he owes on a/c - - -	15	00	Mar.	3	By Amt. he gave us on a/c - - -	2	25
"	2	To " received on a/c - - -	3	00	"	5	By " " " " - - -	6	00
"	4	To " " " " - - -	2	15	"	5	By " " " " - - -		
"	6	To " " " " " - - -			"	6	By Amt. he owes us - - -	11	50
			29	75				29	75

1. How many amounts has Jno. Smith received on a/c during the week?
2. Why is the debt to us, Mar. 1, recorded with values received on a/c?
3. How many amounts has he given or paid us on a/c?
4. Which side of the a/c is the greater? What does this show?
5. What does the difference indicate? On which side recorded? Why?
6. Were the credit side the greater, what would the difference indicate? On which side would it be recorded? Why?
7. What does a debit closing entry of a personal a/c show? What does a credit closing entry show?

EXERCISE X.

TRANSACTIONS WITH JNO. SMITH ON A/C—(continued).

Mar. 8, 190—. He owes us \$—— as per old a/c. 8.—Sold him 1 cwt. sugar \$4.70; 10 lbs. tea at 40c. 9.—He sold us 1 tub of butter, 60 lbs., at 15c. 10.—Sold him a suit of clothes, \$12.50. He paid \$5 on a/c of same. 11.—He sold us 1 load of hay, 1,800 lbs., at \$10 per ton. 13.—Sold him groceries, \$5.60.

Find how his a/c stands Mar. 14.

Bank a/c is a record of all moneys deposited in the bank and all moneys withdrawn from the bank. In one sense it is a sort of Cash a/c, recording all our cash kept in the bank, being debited with moneys the bank receives from us, or our deposits; and credited with moneys given back to us, or our withdrawals. Regarded strictly in this sense the credits can never exceed the debits, as we cannot take more cash out of the bank than we deposit therein, and consequently, the difference between the two sides will always show the amount of our money still in the bank.

This a/c may, however, be regarded as a personal a/c, and the bank regarded as a person, like Jno. Smith, borrowing our deposits on a/c, and paying our withdrawals on a/c. In this sense it may be possible for us to withdraw more money from the bank than we place therein, in which case the bank really lends more money to us than it borrows from us, and so the difference may show, as in the case of a personal a/c, the amount we owe the bank, though usually the result is, as stated in the previous paragraph, the amount of our money still in the bank.

It is the privilege of the bank manager to decide whether or not any customer may withdraw more money than he deposits, and it is generally only men of first-class standing who are thus privileged to overdraw their bank a/cs.

EXERCISE XI.

TRANSACTIONS WITH THE COMMERCIAL BANK OF CANADA.

Mar. 16, 190—. Amount on deposit \$120. 16.—Deposited \$25.50. 17.—Deposited \$156. 18.—Withdrew \$50. 19.—Deposited \$123.50. 20.—Withdrew \$75. 21.—Deposited \$80. 21.—Withdrew \$12.

Find the amount in the Bank Mar. 21, by completing the following a/c and showing how the closing entry was obtained.

Dr.		(Deposits.)	COMMERCIAL BANK A/C.		(Withdrawal Checks.)	Cr.			
190—.					190—.				
Mar.	16	To Amt. of money on deposit -	120	00	Mar.	18	By Amt. of money withdrawn -	50	00
"	16	To " " deposited -	25	50	"	20	By - - - - -		
"	17	To - - - - -			"	21	By - - - - -		
"	19	To - - - - -			"	21	By Amt. of money on hand -	505	00
"	21	To - - - - -							
			505	00			505	00	

1. How many deposits were made in the bank during the week?
2. How many withdrawals?
3. How much money remains in the bank at the end of the week?
4. Could the total withdrawals exceed the total deposits? Why?
5. On which side of the a/c will the closing entry come? Why?
6. In what cases might the withdrawals exceed the deposits?
7. On which side of the a/c would the closing entry then come?
8. What would it show?

EXERCISE XII.

TRANSACTIONS WITH THE COMMERCIAL BANK OF CANADA—(continued).

Mar. 24, 190—. Amount on deposit \$——. 24.—Deposited \$20. 25.—Issued withdrawal check for \$50. 25.—Deposited \$45. 29.—Issued withdrawal check for \$100.

Find the amount on deposit Mar. 31.

Expense a/c records all expenses in connection with the business, such as wages, taxes, insurance, labor charges, fuel, light, discounts, and always shows a loss. The above-named and other expense items received are always charged against, or debited in, the a/c, so that the closing entry showing the amount of loss will always be found on the credit side. Should any of the charges against the a/c be not wholly used at the time of closing the Ledger, it will be quite clear that unless the a/c is credited for the value of these it will show a greater loss than has actually been incurred. It is always necessary before closing the a/c to ascertain from the inventory the value of any unused or unearned charges and to credit the same in the a/c before writing in the closing entry.

In large business establishments, where it is often necessary to know the loss arising from the various outlays mentioned above, an a/c is opened for each, as Wages a/c, Taxes a/c, Insurance a/c. Each may be regarded as a special branch of the broader and more comprehensive Expense a/c, and will be treated in the same manner when it becomes necessary for the student to record these items separately.

EXERCISE XIII.

TRANSACTIONS INVOLVING EXPENSE.

April 2, 190—. Paid for repairs to shop fixtures \$2.50. 2.—Paid \$6.50 for a set of books; \$1.50 for paper; 50c. for coal oil. 3.—Paid clerk's salary for one week \$8. 4.—Paid for cleaning store \$1.50. 5.—Paid water tax for store \$2.15.

Find the loss for the week by completing the following a/c and showing how the closing entry was obtained.

Dr.		(Outlays.)	EXPENSE A/C		(Returns From Unused Outlays.)		Cr.
190—.					190—.		
April.	2	To Amt. of repairs to shop - -	2	50	April.	7	By Amount of loss - - - -
"	2	To " " outlay for set of books	6	50			22 65
"	2	To - - - - -					
"	3	To - - - - -					
"	4	To - - - - -					
"	5	To - - - - -					
			22	65			22 65

1. How many items of expense were incurred during the week?
2. Which of these items might be sold so as to yield a return?
3. If the set of books were not filled during the week should the a/c be credited with some part of the cost? How much?
4. On which side of the a/c should this value be recorded?
5. Would it be wrong to charge the whole cost of the books against this week's business? Why?
6. On which side of the a/c does the closing entry come? What does it show?
7. If the set of books is valued at \$6.00 on the 7th, what would be the loss?
8. Where should the \$6.00 be recorded?

EXERCISE XIV.

EXPENSE ITEMS—(continued).

April 14, 190—. Paid expenses for week as follows :—Wages \$8; cleaning store \$1.50; stationery \$2.50; drayage \$3.75; 2 tons of coal at \$6; light 75c.; telegram 25c.

Find amount of loss for week; fuel unused $1\frac{1}{2}$ tons coal.

If the previous a/c at closing were credited with value of books \$6, should this amount appear in second a/c? Why? On which side?

INTEREST.

The generally-accepted meaning of the term Interest is **money paid for the use of money**. Thus, if the student borrowed \$100 from Jno. Rich a year ago, and now repays \$108, it would be accepted as true that he pays Rich \$100 principal and \$8 interest.

The term Interest in book-keeping means **use of money** and not **money paid or received for the use of money**. It is quite evident that the Student received the *use of the \$100* for the year and now pays \$8 as an equivalent value for the loan accommodation. The book-keeper's interpretation, therefore, of the above transaction, is that the Student received the **Interest** and paid therefor the equivalent in **Interest money**. Again, if the Student receives \$105 now from A. Farmer, for \$100 loaned to him some time in the past, he receives \$5 interest money for the *use of \$100* or loan accommodation given to A. Farmer.

Interest a/c.—As the measure of the use of money, or loan accommodation received from others and that given to others, is always expressed in money values, we may define the *interest a/c* as a record of all interest money paid to others for the use of their money loaned to us, and of all interest money received from others for the use of our money loaned to them. Defined more briefly it is a record of the cost and proceeds of loan accommodation or use of money.

It is *debited* with interest money paid by us for *loan accommodation received*; and *credited* with interest money received by us for *loan accommodation given*, and shows when closed a gain or loss. As in the case of Mdse. and Expense a/cs, when the cost exceeds the proceeds, the difference will be a loss, and when the proceeds exceed the cost the difference will represent a gain.

EXERCISE XV.

TRANSACTIONS INVOLVING INTEREST.

April 16, 190—. Redeemed my note of 13/1/190—, at 3 mos. favor of A. Boss due to-day, bearing interest at the rate of 6% per annum. Face of note \$200. Interest accommodation \$3.06. Amount paid \$203.06. 17.—Redeemed my note of 10/1/190—, at 1 mo. favor of C. Cox, not bearing interest, but overdue 63 days. Face of note \$150. Interest accommodation at 6% per annum for overdue time, \$1.55. Amount paid, \$151.55. 18.—Received from Jno. Jones full settlement of my a/c against him \$30, overdue 8 mos. Interest accommodation charged at rate of 5% per annum, \$1.00. Amount received, \$31. 20.—Received from D. Dixie, payment of his promissory note to me of 17/1/190—, at 30 days. Overdue 60 days. Face of note \$400. Interest accommodation at 7% per annum, \$4.60. Amount received, \$404.60. 21.—Paid Jno. Merchant's a/c against me for \$40, rendered and due 6 mos. ago. Interest accommodation at 7% per annum, \$1.40. Amount paid, \$41.40. 21.—**Record the cost and proceeds of interest accommodation for the week**, and show how the resulting gain or loss is obtained.

Dr.		(Cost of Use of Money.)	INTEREST A/C.		(Proceeds of Use of Money.)	Cr.			
190—.				190—.					
Apr.	16	To Cost of interest accommodation on A. Boss' note - - - - -	3	06	Apr.	18	By Proceeds of interest accommo- dation on J. Jones's a/c - - -	31	00
"	17	To Cost of interest accommodation on C. Cox's note overdue - - -	1	55	"	20	By - - - - -		
"	21	To - - - - -			"	21	By Amount of loss - - - - -		41
			6	01					01

The student should work out for himself each item of interest in the above examples according to the following form of solution:

Interest on A. Boss' note, 13/1/190—.

The note was dated Jan'y 13.

The note was due and paid Apr. 16.

Time of interest accommodation = 93 days.

Interest = $200 \times .06 \times \frac{93}{360} = \3.06 .

Interest on C. Cox's note, 10/1/190—.

The note was dated Jan'y 10.

The note was due Feb. 13.

The note was paid Apr. 17.

The time of interest accommodation = 63 days.

Interest = $150 \times .06 \times \frac{63}{360} = \1.55 .

DISCOUNT.

Discount is generally defined as *money allowed or deducted from a debt for payment before it is due*. If the student holds a promissory note against J. Short due 6 mos. hence for \$100, he cannot compel payment of this amount by Short before the expiration of the 6 mos., as the law does not regard the note as a debt against the maker until the day of maturity. If, however, J. Short has funds with which to redeem his note, and wishes to do so now, the student should accept a less amount than \$100, or, in other words, should allow some discount to J. Short for prepayment, as he will receive the use of the money so paid for 6 mos. before it is collectible.

The discount or allowance made to Short should, of course, depend on the value of money for loan accommodation, and should be such a sum that the amount received from J. Short will, during the 6 mos. before maturity, produce or earn the amount so deducted or allowed. If money is worth 6% to the student, he should therefore deduct \$3 and accept \$97, the use or loan of which for the 6 mos. will be worth the \$3 deducted or allowed to J. Short.

It will thus be seen that *allowing discount off a debt for prepayment is really paying interest money for loan accommodation received*. As all such discounts or allowances may be recorded in Discount a/c by the same rule that applies to Interest a/c, it is customary to record all **costs and proceeds of the use of money**, or loan accommodation, in one a/c called **Interest and Discount**, which is debited with all *interest money paid by us*, and all *discounts allowed by us for loan accommodation received*, and credited with all *interest money received by us and all discounts allowed to us for loan accommodation given*.

EXERCISE XVI.

TRANSACTIONS INVOLVING INTEREST AND DISCOUNT.

April 23, 190—. J. Amos paid his \$400 note of 10/4/190—, at 6 mos., 173 days before maturity. Discount allowed at 5%, \$9.48. Amount received, \$390.52. 24.—A. Barker paid his \$200 note of 21/2/190—, at 1 mo. with interest for 31 days overdue at 8%. Total, \$201.36. 25.—Paid A. B. Scott & Co.'s \$260 invoice of goods dated 1/3/190—, due in 4 mos., receiving discount of 3% on face of invoice. Amount paid, \$252.20. 26.—Paid J. Smith's \$140 invoice dated 1/1/190—, at 30 days, now overdue 3 mos. Interest charged at rate of 6% per annum. Amount paid, \$142.10. 28.—Prepaid my note for \$400 favor A. B. Scott & Co., 22/3/190—, at 4 mos., due July 25th. Discount allowed at rate of 6%, \$5.79. Amount paid, \$392.85. 28.—**Record the cost and proceeds of interest accommodation in the above transactions, in Interest and Discount a/c, and show how the closing entry is obtained.**

Dr.		(Cost of Loans.)	INTEREST AND DISCOUNT A/C.				(Proceeds of Loans.)	Cr.	
190—.								190—.	
Apr.	23	To Amt. allowed J. Amos for Interest received - - - - -	9	48	Apr.	24	By Amt. allowed us by A. Barker for Interest given - - - - -	1	36
"	26	To - - - - -			"	25	By - - - - -		
"	28	To Amount of gain - - - - -	3	37	"	28	By - - - - -		
			16	31				16	31

The above items of discount should all be worked out by the student according to the following form of solution :

Discount on J. Amos' note, 10/4/190—.

The note was dated April 10.
 The note was due Oct. 13.
 The note was paid April 23.
 Time for disct. allowance, 173 days.
 $\text{Discount} = 400 \times .05 \times \frac{173}{360} = \$9.48.$
 $\text{Proceeds} = \$400 - 9.48 = \$390.52.$

Interest on A. Barker's note, 21/2/190—.

The note was dated Feb. 21.
 The note was due Mar. 24.
 The note was paid April 24.
 Time for interest accommodation, 31 days.
 $\text{Interest} = 200 \times .08 \times \frac{31}{360} = \$1.36.$
 $\text{Proceeds} = \$200 + \$1.36 = \$201.36.$

Capital a/c is a record of the proprietor's relation to, and interest in, the business. It shows his investments at the beginning, which are credited in the a/c; also his debts at the same time, and all sums subsequently withdrawn, both of which are placed to the debit. Whenever the books are closed, and the net gain or net loss found for some period, usually once a year, the net gain is always added to the investments, and becomes Capital, thus increasing the net worth by that amount; or the net loss is added to the debts and withdrawals, thus lessening the net worth to that extent.

This a/c may properly be called by the **proprietor's own name**, the investments or credits being regarded as values **he gives** to the business; and debts at commencing and the withdrawals as values **he receives** from the business. As it contains information concerning his financial standing and profits, which the proprietor does not care to have known by the clerks, it is, along with any others showing business matters of a private nature, kept in a separate book which is usually placed under lock and key.

EXERCISE XVII.

INVESTMENTS.

Aug. 20, 190—. (Student's Name) rented a stand on the Western Fair ground at a rental of \$10 for the term of the Fair, for the purpose of selling confectionery, etc., and having the following to invest in the undertaking:—A deposit of \$20 in the bank, \$10 in cash, and \$5 worth of candy, peanuts, lemons, etc. He owed J. Jones \$10 for cash borrowed from him.

Find the net worth at the end of Fair week.

Dr.		(Debts at Commencing. Subsequent Withdrawals.)	STUDENT'S CAPITAL A C.				(Investments.)	Cr.	
190—.						190—.			
Aug.	20	To Amt. of debt due J. Jones at commencing	10	00	Aug.	20	By Amt. of cash invested	10	00
"	28	To Amt. of Net Worth	50	00	"	20	By " " bank a/c	20	00
					"	20	By " " goods	5	00
					"	28	By " " Net Gain	25	00
			60	00				60	00

1. How much had you to invest in the business?
2. Was this amount all your own? How much did you owe?
3. What were you really worth at the beginning?
4. Why should this debt be regarded as a withdrawal?
5. How can you find your net investment?
6. How can you find your net worth at closing?
7. On what condition is your net worth at closing \$50, as shown in the above a/c?
8. How was the \$25 net gain obtained?

It will be well for the student to notice carefully the nature of **investments** and **withdrawals**, as understood in connection with the proprietor's a/c. **Investments** are usually made at the beginning. Subsequent purchases of goods or additions to other a/cs, which are paid or provided for out of the funds of the business, are not to be regarded as additional investments but simply as business transactions with the original investment. Only when the proprietor puts into the business some funds or values obtained from other sources, does he make additional investments: for example, when he sells a house and lot, and puts the proceeds into goods or other value for use in the business, or when he receives \$1,000 for a matured Life Insurance Policy, all or part of which he uses in the same way.

A withdrawal signifies cash, goods, or other values withdrawn, so that they cease to assist in earning profits. When the student draws \$100 from the bank to pay for a horse and delivery waggon he does not withdraw from his capital, because the horse and waggon are still in the business, assisting in earning profits as the cash had done before. If, however, he takes \$100 from the till and pays for a horse and carriage for his private use, he makes a withdrawal, as the horse and carriage cease to be a factor in the business, or to assist in earning profits. Goods taken from the store for the proprietor's private or family use are withdrawals, but in order to avoid too many debits in the proprietor's Capital a/c they are charged against his personal a/c, and transferred from there to his Capital a/c at certain times—at the end of every month, six months, or year.

The student will find no difficulty in understanding now the **closing entries** of the foregoing a/cs, written in red ink, are obtained, except perhaps those in the Mdse. and Capital a/cs. The closing entry, it will be observed, is found by taking the difference between the two sides of the a/c, and is always recorded on the smaller side, so that the two sides then give equal totals. These totals are ruled off by horizontal lines which are extended across the date columns also, as shown in the foregoing examples. These double horizontal lines drawn across the date and money columns indicate that the a/c was settled at that point, and the entries preceding the double lines need no longer be taken into consideration.

In the case of Mdse. a/c, Expense a/c, and all other a/cs that show a loss or gain, it will be necessary to ascertain before closing if there are any values on hand that have been previously charged to the a/cs. If so, the present value must be credited before ascertaining the difference between the debits and credits. Thus, in the Mdse. a/c, on the date of closing, the total debits, or cost price of goods bought during the week was \$600; the total credits, or sales during the same period was only \$292.50. It would clearly be wrong to conclude that because there was \$600 worth of goods purchased, and only \$292.50 worth sold, that the difference would represent a loss of \$307.50. This would be true in case all the goods were sold, and \$292.50 were the selling price of goods which cost \$600. It will be evident that to ascertain the correct result the book-keeper must add to the credits, or sales, the value of the goods unsold, which is really the estimated price at which they could be sold. In this case then, the cost price being \$600, and the estimated selling price \$672.50, the result will be \$72.50 gain.

When the cost price is less than the selling price there must be a gain; when it is greater there must be a loss. It is worthy of notice that in any of the a/cs showing a loss or gain, a debit closing entry always indicates a gain, and a credit closing entry always indicates a loss.

Before closing **Expense** a/c ascertain what articles charged to the a/c are still on hand, and credit the a/c with the estimated value, as in the case of Mdse. a/c. In considering the foregoing Expense a/c, if the coal oil were not used, it is plain that the loss would not be \$22.65, as shown in the a/c, but 50 cts. less, or \$22.15. The set of books, having been used for book-keeping purposes, is of no commercial value, and so is not regarded as value on hand. If the books were regarded as worth \$6.00 to the business at the end of the month, and the coal oil unused, valued at 50 cts., the a/c should be credited before closing as follows: "**By amount of Inventory \$6.50,**" thus reducing the loss as shown by the closing entry to \$16.15.

The Capital a/c shows three investments amounting to \$35.00, but as the student owed \$10, clearly his net worth at the beginning, or as more generally expressed, his net investment was \$25. If there has been a net gain during the term, the net worth will be increased by that amount, but if a net loss, the net worth will be lessened by that amount. The net gain being regarded as an additional investment is recorded on the credit side, and the net loss having to be met out of the existing capital and so being regarded as a withdrawal, is recorded on the debit side.

It will be quite evident then, that in order to close this Capital a/c we must first find the result of the week's work, whether there has been a loss or a gain, and record it on the proper side. Not having sufficient information to obtain this result, we have assumed that the business was profitable, yielding a net gain of \$25.

EXERCISE XVIII.

The student will now rewrite the Capital a/c on p. 11, and close according to the results obtained in the following cases:—

- (a) Total cost of goods was \$150. Selling price of same was \$200. Rent of stand \$10; cartage \$5; car fare \$1; board \$4. Ans.—N.G., \$30; N.W., \$55.
- (b) Goods purchased for \$120. Sold for \$195. Expenses besides rent, \$20. Ans.—N.G., \$45; N.W., \$70.
- (c) Goods cost \$160; sold for \$190; rent \$10; hired help \$5; board \$4; car fare \$1; sundry expenses \$15. Ans.—N.L., \$5; N.W., \$20.

SUMMARY OF DEFINITIONS.

Book-keeping is a systematic record of business transactions kept by a business man so that he may know at any time his financial standing.

A business transaction is an exchange of values, *i.e.*, the giving of something of a certain financial value for something else of equal value.

An account (a/c) is a record: as applied to business it is a record of business transactions.

Cash a/c is a record of all cash received, and all cash paid out, and shows at closing the amount of cash on hand.

A Mdse. a/c is a record of all goods bought or received and all goods sold, and shows at closing a loss or gain.

Bank a/c is a record of all moneys deposited in the bank, and all moneys withdrawn from the bank, and shows at closing the amount of money in the bank.

John Smith's a/c is a record of all values John Smith **receives from us on a c** (*i.e.*, without giving us an equivalent value), and all values John Smith **gives us on a/c**, and shows at closing what John Smith owes us, or what we owe him.

A personal a/c is a record of all values the person (whose name the a/c bears) **receives** from us on a/c, and all values the person **gives** to us on a/c, and shows at closing what the person owes us, or what we owe him.

Bills Rec. a/c is a record of all others' notes received by us, and those of them afterwards disposed of, and shows at closing the amount of others' notes on hand.

Bills Pay. a/c is a record of all our notes issued, and those of them afterwards redeemed, and shows at closing the amount of our notes outstanding or unpaid.

Real Estate a/c is a record of all real property bought and all real property sold, and shows at closing a gain or loss.

Expense a/c is a record of all expenses incurred in carrying on the business and any returns from the same (*i.e.*, when any article charged to the a/c as expense is afterwards sold), and shows at closing a loss.

Interest and Discount a/c is a record of all values paid to others for the use of their money, and of all values received from others for the use of our money, and shows at closing a gain or loss.

Capital a/c is a record of all investments in the business, and all withdrawals from the business, and shows at the time of closing the Present Net Worth of the business.

An entry in an a/c is a complete record of some transaction which includes the date, amount, and explanation of the transaction.

To balance an a/c is to add a sufficient amount to the smaller side to make it equal to the larger side, to bring down the equal totals, and to rule below them double horizontal lines across the money columns.

The closing entry of an a/c is the amount added to the smaller side to make it equal to the larger, together with an explanation of what that amount represents.

SUMMARY OF RULES.

CASH ACCOUNT

Is debited with all cash on hand at the time of beginning, and all sums afterwards **received**.

Is credited with all cash **paid** out.

MDSE. ACCOUNT

Is debited with **cost** of all goods **on hand** at the time of beginning, and the **cost** of those afterwards **bought** or returned by customers.

Is credited with the **proceeds** of sales and the value of goods unsold at the time of closing.

JNO. SMITH'S ACCOUNT

Is debited with all values **he owes** us at the time of beginning, and what he afterwards **receives** from us on a/c.

Is credited with all values **we owe** him at the time of beginning, and what he afterwards **gives** or **pays** to us on a/c.

BANK ACCOUNT

Is debited with all money in the bank at the time of beginning, and that afterwards **deposited**.

Is credited with all **withdrawals**.

BILLS REC. ACCOUNT

Is debited with all others' notes on hand at the time of beginning and those afterwards **received**.

Is credited with all others' notes **disposed of**.

BILLS PAY. ACCOUNT

Is debited with all our notes **redeemed**.

Is credited with all our notes **outstanding** at the time of beginning and those afterwards **issued**.

REAL ESTATE ACCOUNT

Is debited with the value of real property **on hand** at the time of beginning and of that afterwards **purchased**.

Is credited with **proceeds** of sales and the value of real property on hand at the time of closing.

EXPENSE ACCOUNT

Is debited with all **expenses incurred** in carrying on the business.

Is credited with **proceeds** of the sale of any article charged to the a/c and with the value of all such articles on hand at the time of closing.

INTEREST AND DISCOUNT ACCOUNT

Is debited with all interest money accrued and due us at the time of beginning, the subsequent **cost** or **outlay** for the use of money or loan accommodation received, and any such use of money or loan accommodation **received** but not yet paid for at the time of closing.

Is credited with all interest money accrued and due to others at the time of beginning, the subsequent **proceeds** from the use of money or loan accommodation given, and any such use of money or loan accommodation **given** to others but not yet paid for at time of closing.

CAPITAL ACCOUNT

Is debited with all **debts** of the proprietor at the time of beginning, subsequent **withdrawals**, and the **Net Loss** (if any) at the time of closing.

Is credited with all **investments**, or the **assets** of the proprietor at the time of beginning, all **subsequent investments** and the **Net Gain** (if any) at the time of closing.

ASSETS AT THE BEGINNING.

Assets at the beginning are **credited** in Capital a/c, and **debited** in their respective a/cs.

DEBTS AT THE BEGINNING.

Debts at the beginning are **debited** in Capital a. c. and **credited** in their respective a. cs.

CHAPTER II.

The following qualities are essential to every successful accountant. Cultivate them.

1. Earnestness of purpose and self-reliance.

2. Accuracy, neatness and dispatch.

Are you in earnest? If so, rely on yourself to make all the records in Exercises XIX and XX without assistance from any person. When you have recorded the business for May in a Journal and Ledger in accordance with the specimen entries and the instructions given in the following Chapter, test your self-reliance by rewriting the whole month's business from the list of transactions without referring to the specimen books.

NOTE.—In recording the a/cs of Exercises XIX and XX from the following list of transactions, use full explanatory entries as in Chapter I. Write and close one a/c before proceeding to the next.

MISCELLANEOUS TRANSACTIONS.

May 1, 190—. (Student's name) began a small grocery business investing as follows:—Cash on hand \$500, stock of goods in store \$300. Sold A. Davis on a/c 10 lbs. of butter at 20c.; 4 boxes sodas at 50c.; 5 lbs. tea at 40c.; 50 lbs. sugar at 5c. Total \$ —. 2.—Paid cash for stationery and wrapping paper \$5. Bought goods from A. B. Scott & Co., wholesale grocers, on my note \$400, 1/5/190—, 50 days. 3.—Sold J. Jones on a/c 1 crock butter, 30 lbs., at 20c.; 1 bag potatoes \$1; gran. sugar \$2.50; coffee sugar \$1. Total \$ —. Cash sales to-day \$18.60. 4.—Sold J. Jones on a/c 1 doz. canned corn \$1; 2 bags potatoes \$2.10; 10 lbs. butter at 21c. Total \$ —. Cash sales to-day \$18.25. 5.—Deposited in Commercial Bank of Canada \$475. Cash sales to-day \$19.40. 6.—Received cash on a/c from A. Davis \$5. Paid errand boy's wages for week \$5. 8.—Bought goods from A. B. Scott & Co., wholesale grocers, on my note \$250, 8/5/190—, at 3 mos. 14.—Cash sales for week \$135. Deposited in bank \$100. Sold A. Davis on a/c 1 bbl. yel. sugar \$12.40. Paid errand boy's wages \$5. 17.—Received from J. Jones his note on a/c \$15.70, 17/5/190—, 30 days. 18.—Withdrew from bank \$60. Bought goods from A. B. Scott & Co., wholesale, on my note \$150, 18/5/190—, 3 mos. 19.—Sold goods to C. Cullis on his note \$24.50, 20/5/190—, 3 mos. 20.—Cash sales for week \$204.30. Paid errand boy's wages \$5. 22.—Sold my entire stock of goods to D. Camp for cash \$750. 22.—Paid rent of store for one month with check \$13 to A. Landlord. Deposited in bank \$1000.

1. Name the ten a/cs that may be recorded from the above transactions.
2. Which of these a/cs show, when closed, a loss or gain?

EXERCISE XIX.

Write out the **Capital, Mdse. and Expense a/cs.**

Find the Net Gain, or Net Loss from the two latter, and close the Capital a/c.

Lines required:—Capital, $\frac{1}{4}$ page; Expense, $\frac{1}{4}$ page; Mdse., $\frac{1}{2}$ page.

Results:—Gain from Mdse. \$106.65; Loss from Expense \$33; Net Gain \$73.65; present Net Worth \$873.65.

EXERCISE XX.

Write out all the other a/cs and close each.

Lines required:—Bank $\frac{1}{4}$ page; Bills Rec. $\frac{1}{4}$ page; Cash $\frac{1}{2}$ page; Bills Pay. $\frac{1}{4}$ page; A. Davis $\frac{1}{4}$ page; J. Jones $\frac{1}{4}$ page.

Results:—Cash on hand \$115.55; Cash in bank \$1,502; Others' notes on hand \$40.20; Our notes outstanding \$800; A. Davis owes us \$15.90.

Note:—Do not leave the last two exercises until you have obtained the correct result of every a/c.

In recording the different a/cs of the two preceding exercises the pupil may have noticed two facts in connection with the work.

1. Every transaction and amount of money is recorded in two different a/cs.
2. One a/c is debited and the other credited with the amount of each transaction.

When he has obtained the correct results of all the a/cs he should prove that he has made double entries for each transaction, checking them in his exercise book as follows:—Taking the first amount, \$500, he will find it recorded on the **debit** of **Cash a/c**. He will now place a check mark thus ✓ in the narrow column just to the left of the money column containing this amount. He will then find a \$500 entry with the same date on the **credit** of **Capital a/c**, and will place the check mark in the narrow column to the left of the amount as before. Taking the next amount, \$300, he will check as in the first case, and so on, until he has checked every amount in the exercises, taking care always to check two amounts having the same date; otherwise they may not belong to the same transaction.

In this way he will find that the amount of every transaction in the list is checked on the **debit** of **one**, and on the **credit** of **some other a/c**. In consequence of this it will be clear that the total debits must be equal to the total credits of all the a/cs.

The question will no doubt arise in the mind of the pupil, "**Why should the accounts work out in this way?**" The answer is found in the fact that a complete record of every transaction requires a record of some value received, and of an equal value parted with, according to the rules governing the a/cs in which these values are recorded. These fundamental rules were so framed that every complete set of records kept in accordance with them will always exhibit the facts as above stated, and these facts may be termed the foundation rule or principle of double entry book-keeping.

While selecting all the a/cs necessary to record the above transactions, and writing them according to the prescribed rules, the pupil has unconsciously been observing the fundamental principle of the double entry system of book-keeping, which should be committed to memory before proceeding, as follows:—**The Fundamental Principle of Double Entry Book-Keeping** is the fact that every transaction is recorded twice in the Ledger, on the debit of some a/c, and on the credit of some other a/c; and that the debits and credits of the Ledger are equal.

The fact of equal debits and credits enables the book-keeper to test the accuracy of his posting by making what is called a Trial Balance, with the amounts of all the a/cs after they are written, and before they are closed.

EXERCISE XXI.

TRIAL BALANCE.

The pupil will now rule a sheet of blank paper according to the following form and write in the wider column to the left the names of all the a/cs in Exercises XIX and XX. Beginning with the Cash a/c he will find the sum of all the amounts just checked on the debit and credit sides, and transfer them to the debit and credit columns respectively of the Trial Balance. In the same way he will transfer the totals from the other a/cs to the columns of the Trial Balance. When these are all transferred and the two columns added the grand totals will be found to be the same, viz., \$4495.35. This furnishes proof that every dollar recorded on the debit side of the a/cs has also been recorded on the credit side; hence the name "Trial Balance." The student should always take a Trial Balance before closing his a/cs so that any error or omission may be detected and corrected before the final results are written in. In large business offices the book-keeper usually takes off a Trial Balance once a month, even though the a/cs are closed but once a year, so that the accuracy of the work may be proved from month to month as it proceeds.

Form of Trial Balance, May 22, 190—.

Many book-keepers use a **Trial Balance Book**, having the two pages forming each opening of the book ruled with one wide column to the left of the opening for the names of the Ledger a/cs, and to the right of this column twelve pairs of money columns, one for the debits and credits of each month's posting. The name of every a/c opened in the Ledger during the year is thus written once only in making the twelve Trial Balances.

NAMES OF LEDGER A/C'S.										DEBITS.		CREDITS.	
Cash.	.	.	.	.	.	.	.	.	.	1710	55	1595	00
Totals										4495	35	4495	35

COMMON BOOKS OF ENTRY.

It will now be necessary to introduce some of the books used in ordinary business records. The preceding list of miscellaneous transactions represents the original record of them, made at the time and in the order of their occurrence, in a book sometimes called the **Day Book**. The list of accounts in Exercises XIX and XX, written by the pupil from this Day Book record, constitutes the **Ledger** or **book of accounts**.

LEDGER:—In this book all transactions are properly classified and arranged into their respective accounts. It is to the Ledger that the business man refers for information regarding any department of the business, as it contains a complete summary of the business record in a convenient form. The work of writing this book of accounts is called **posting**. As we have seen, in writing Exercises XIX and XX, the posting may be done directly from the original or Day Book record.

JOURNAL:—It has been found, however, to save much time and labor in posting to have the transactions so recorded as to show at a glance the a/c or a/cs to be debited and those to be credited. This record is made in a book called the **Journal**, and the work of indicating the debits and credits therein is called **journalizing**.

It must not be assumed that modern book-keeping, like the old Italian system from which it has developed, requires a three-fold record in the Day Book, Journal and Ledger, to secure the brief and comprehensive summary found in the Ledger, so necessary to a thorough knowledge of the state of the business in detail and an economic management of the whole. It is quite practicable, and much less laborious, to make the original record in Journal form, by stating the debits and credits for each transaction at the time of its occurrence, adding sufficient explanation to make the record complete. Hence the old style **Day Book**, which contained a heterogeneous mass of business records, **has passed out of use**, and the book of original entry is now some form of Journal, sometimes called Journal Day Book, from which the posting is done directly to the Ledger. Other books of original entry which the pupil will meet with later on, such as **Cash Book, Sales Book, Invoice Book, Bill Book**, will be found to do duty for the Journal, and may properly be entitled to the prefix **Journal**, such as **Journal Cash Book, Journal Sales Book**. The entries in all these latter books are so written that the posting may be done directly from them, thus enabling the book-keeper to obtain a complete record of the business with the least possible labor. Any transaction so recorded in these books does not appear in the regular Journal.

SPECIMEN DAY BOOK ENTRIES.

(Rarely used except in small business concerns.)

		Partial Amts.		Extensions.	
(Student's Name) began the Grocery business to day, investing as follows:—					
Cash on hand	- - - - -	500	00		
Goods in stock	- - - - -	300	00	800	
Sold A. Davis on a/c—					
10 lbs. Butter	- - - - - 20c.	2	00		
4 boxes Sodas	- - - - - 50c.	2	00		
5 lbs. Tea	- - - - - 40c.	2	00		
50 lbs. Sugar	- - - - - 05c.	2	50	8	50
A. Davis —					
10 lbs. Butter	- - - - - 20c.	2	00		
4 boxes Sodas	- - - - - 50c.	2	00		
5 lbs. Tea	- - - - - 40c.	2	00		
50 lbs. Sugar	- - - - - 05c.	2	50	8	50

These original records may be written in Journal form with sufficient explanation added to save a second writing in the Journal. (See entries for same in specimen Journal Day Book, page 19.)

This shows the above entry as recorded in a regular Sales Book. Though an original entry it is journalized ready for posting. A. Davis and all other purchasers being debited.

SPECIMEN JOURNAL ENTRIES.

London, May 1, 190—.

<i>Cash Dr.</i> - - - - -	- - - - -	500	00		
<i>Mdse. Dr.</i> - - - - -	- - - - -	300	00		
	<i>To Capital</i> - - - - -			800	00
<i>A. Davis Dr.</i> - - - - -	- - - - -	8	50		
	<i>To Mdse.</i> - - - - -			8	50
<i>Expense Dr.</i> - - - - -	- - - - -	5	00		
	<i>To Cash</i> - - - - -			5	00
<i>Mdse. Dr.</i> - - - - -	- - - - -	400	00		
	<i>To Cash</i> - - - - -			400	00

SPECIMEN JOURNAL DAY BOOK ENTRIES.

(Combining the records of the two preceding books.)

London, May 1, 190—.

Journal Entries.	Explanatory Entries.	L. F.	Debits.		Credits.	
<i>Cash</i>	<i>Investments</i>		500	00		
<i>Mdse.</i>			300	00		
<i>To Capital</i>					800	00
¹ <i>A. Davis</i>	¹ 10 lbs. Butter 20c. - - 2.00		8	50		
	4 boxes Sodas 50c. - - 2.00					
<i>To Mdse.</i>	5 lbs. Tea 40c. - - 2.00				8	50
	50 lbs. Sugar 05c. - - 2.50					
<i>Expense</i>	² Stationery, Wrapping Paper		5	00		
<i>To Cash</i>					5	00
² <i>Mdse.</i>	² Invoice of Goods 2/5/190—.		400	00		
<i>To Cash</i>	A. B. Scott & Co.				400	00
³ <i>Cash</i>	³ Cash Sales		18	60		
<i>To Mdse.</i>					18	60

¹ The items of every sale on a/c, should be recorded in the Journal, as no other copy of the bill given to the purchaser with the goods, is kept in the books; consequently, in case of any disputed a/c, the book of original entry, the Journal, should show the particulars of every item.

It is not necessary to prefix the words "Sold to A. Davis on a/c" to the explanatory entry, as the Journal entry indicates this fact.

² Purchases of goods, either on a/c or for cash, need not be itemized in the Journal, as the invoices or itemized statements of purchase are always preserved, and by giving either the number or date of any invoice, it can readily be referred to, and required particulars ascertained therefrom.

³ The explanatory entry "Cash Sales" is sufficient in recording goods paid for at the time of sale.

EXERCISE XXII.

ORAL EXERCISES IN JOURNALIZING.

The student will now turn to Chapter I, and, beginning with Exercise III, will state what a/cs are affected by each transaction in the exercises, naming the debits and credits in each case according to the following:—

EXAMPLE—EXERCISE III.

Feb. 5. Mdse. a/c is debited \$400, because the goods are on hand at the beginning. Capital a/c is credited \$400 because the goods are invested or given to the business. 5.—Cash a/c is debited \$56, because cash is received. Mdse. a/c is credited \$56, because the goods are sold. 5.—A. Cox a/c is debited \$10.50, because he receives value on a/c. Mdse. a/c is credited \$10.50, because the goods are sold.

OBSERVATION :

The persons or firms receiving value on a/c,
and all values received,
are **DEBITED**
in their respective a/cs.

The persons or firms giving us value on a/c,
and all values parted with,
are **CREDITED**
in their respective a/cs.

EXERCISE XXIII.

WRITTEN EXERCISES IN JOURNALIZING.

The pupil will now turn to the Journal ruling of his Commercial Blank Book, and using the specimen Journal as a model, will write a Journal for each exercise of Chapter I, or, as many as may be found necessary to familiarize him with the work, separating the work of one exercise from that of the next by a blank space and double horizontal lines across the page, as in the following example.

EXAMPLE—EXERCISE III.

<i>Mdse.</i> <i>To Capital</i>	<i>Stock of goods invested</i>	400	00	400	00
<i>Cash</i> <i>To Mdse.</i>	<i>Cash sales</i>	56	00	56	00
<i>A. Cox</i> <i>To Mdse.</i>	<i>On a/c</i>	10	50	10	50
EXERCISE IV.					
<i>Mdse.</i> <i>To Cash</i>	<i>Invoice of goods bought from wholesale for cash</i>	240	00	240	00

OBSERVATION :—The a/c to be debited is always written first to the left of the space and the a/c to be credited is written on the next line to the right.

EXERCISE XXIV.

JOURNALIZING INVESTMENTS.

1. Journalize investments of June 1st, Set 1 ; July 1st, Set 2 ; and Aug. 1st, Set 3.
2. J. Smith began business with stock of boots and shoes, \$600. Cash in bank, \$500. Cash in till, \$50. Fixtures worth \$150. He owes Ames, Holden & Co., wholesale boot and shoe dealers, \$240.
3. (Student's Name) receives \$2,000 from his father to start in business. He buys a stock of groceries for \$1,600. Fixtures for \$50. Horse and delivery waggon \$150. He puts \$160 in the bank and opens store with the balance in till.
4. (Student's Name) invests cash \$600, and a note against Wm. Jones for \$200, without interest, due in 3 months, valued at \$194. He takes \$10 from the till and donates it to the General Hospital. He receives a legacy of \$1,000 from his uncle's estate which he invests in a stock of Dry Goods.
5. Wm. Black begins business with cash in the bank \$600 ; a farm valued at \$5,000 ; a note against R. Green for \$500, due in one month on which \$20 interest has accrued.

SPECIMEN JOURNAL.

London, May 1, 190 .

Dr.

Cr.

		L. F.				
Cash						
Mdse.	To Capital	23	500	00		
		23	300	00		
		22			800	00
A. Davis		1				
	To Mdse.	24	8	50		
		23			8	50
Expense	To Cash	22	5	00		
		23				00
Mdse.	To B. Pay.	23	400	00		
		23			400	00
J. Jones		3				
	To Mdse.	24	10	50		
		23			10	50
Cash	To Mdse.	23	18	60		
		23			18	60
J. Jones		4				
	To Mdse.	24	5	20		
		23			5	20
Cash	To Mdse.	23	18	25		
		23			18	25
Bank	To Cash	23	475	00		
		23			475	00
Cash	To Mdse.	23	19	40		
		23			19	40
Cash	To A. Davis	23	5	00		
		24			5	00
Expense	To Cash	22	5	00		
		23			5	00
Mdse.	To B. Pay.	23	250	00		
		23			250	00
Cash	To Mdse.	23	135	00		
		23			135	00

May 14, 190—.

Dr.

Cr.

		L. F.				
Bank	To Cash	23	100	00		
		23			100	00
A. Davis	To Mdse.	14	12	40		
		23			12	40
Expense	To Cash	14	5	00		
		23			5	00
Bills Rec.	To J. Jones	17	15	70		
		23			15	70
Cash	To Bank	18	60	00		
		23			60	00
Mdse.	To B. Pay.	18	150	00		
		23			150	00
Bills Rec.	To Mdse.	19	24	50		
		23			24	50
Cash	To Mdse.	20	204	30		
		23			204	30
Expense	To Cash	20	5	00		
		23			5	00
Cash	To Mdse.	22	750	00		
		23			750	00
Expense	To Bank	22	13	00		
		23			13	00
Bank	To Cash	22	1000	00		
		23			1000	00

SPECIMEN LEDGER.

Dr.

CAPITAL.

Cr.

190—.		J. F.			190—.		J. F.		
May 22	To Balance		873	65	May 1	By Cash	21	500	00
	(P. N. Worth)				" 1	By Mdse.	21	300	00
					" 22	By Loss and Gain	24	73	65
					May 24	By Balance	*22	873	65

EXPENSE.

190—.					190—.				
May 2	To Cash	21	5	00	May 22	By Loss and Gain	24	33	00
" 6	To "	21	5	00					
" 14	To "	22	5	00					
" 20	To "	22	5	00					
" 22	To Bank	22	13	00					

* When the balance of an a/c is transferred to a new page or to a new ledger, the **ledger page** from which the balance was taken should be indicated in the folio column.

Dr.				MERCHANDISE.				Cr.			
190—				J. F.				190—			
May	1	To Capital	21	300	00	May	1	By A. Davis	21	8	50
"	2	To Bills Pay.	21	400	00	"	3	By J. Jones	21	10	50
"	8	To "	21	250	00	"	3	By Cash	21	18	60
"	18	To "	21	150	00	"	4	By J. Jones	21	5	20
"	22	To Loss and Gain	21	100	00	"	4	By Cash	21	18	25
						"	5	By "	21	19	40
						"	14	By "	21	135	00
						"	14	By A. Davis	22	12	40
						"	19	By Bills Rec.	22	24	50
						"	20	By Cash	22	204	30
						"	22	By "	22	750	00

COMMERCIAL BANK.

190—.					190—.				
May	5	To Cash	21	475 00	May	18	By Cash	22	60 00
"	14	To "	22	100 00	"	22	By Expense	22	13 00
"	22	To "	22	1000 00	"	22	By Balance		1502 00
May	24	To Balance	23	1502 00					

BILLS RECEIVABLE.

190—.					190—.					
May	17	To J. Jones	22	15	70	May	22	By Balance	20	20
"	19	To Mdse.	22	24	50					
May	24	To Balance	23	40	20					

CASH.

190—					190—						
May	1	To Capital	21	500	00	May	2	By Expense	21	5	00
"	3	To Mdse.	21	18	60	"	5	By Bank	21	475	00
"	4	To "	21	18	25	"	6	By Expense	21	5	00
"	5	To "	21	19	40	"	14	By Bank	22	100	00
"	6	To A. Davis	21	5	00	"	14	By Expense	22	5	00
"	14	To Mdse.	21	135	00	"	20	By "	22	5	00
"	18	To Bank	22	60	00	"	22	By Bank	22	1000	00
"	20	To Mdse.	22	204	30	"	22	By Balance		115	00
"	22	To "	22	750	00						
May	24	To Balance	23	115	55						

BILLS PAYABLE.

190—				190—						
May	22	To Balance	800	00	May	2	By Mdse.	21	400	00
						8	By "	21	250	00
						18	By "	22	150	00
					May	24	By Balance	23	800	00

Dr.

A. DAVIS.

Cr.

190—.		J. F.			190—.		J. F.		
May	1	To Mdse. - - - - -	21	8 50	May	6	By Cash - - - - -	21	5 00
"	14	To " - - - - -	22	12 40	"	22	By Balance - - - - -		15 00
May	24	To Balance - - - - -	24	15 90					

J. JONES.

190—.		J. F.			190—.		J. F.		
May	3	To Mdse. - - - - -	21	10 50	May	17	By B. Rec. - - - - -	22	15 70
"	4	To " - - - - -	21	5 20					

LOSS AND GAIN.

190—.		J. F.			190—.		J. F.		
May	22	To Expense - - - - -	22	33 00	May	22	By Mdse. - - - - -	23	100 65
"	22	To Capital - - - - -	22	73 00					

POSTING FROM THE JOURNAL.

By examining the specimen Ledger it will be noticed that the ruling of the a/cs is somewhat different from that of Chapter I, the explanatory columns being much narrower, and the two sides of the a/c occupying one page instead of two. The student must now learn to contract his Ledger entries, using only one or two words, which will have all the significance to him of the entries he has hitherto written at length. One of these is the introductory word "**To**" or "**By**," followed by the name of the **other a/c** in which the transaction is recorded. Some book-keepers carry the contraction still further, and write nothing but the date and amount of the transaction, leaving the explanatory column entirely blank; and where, by so doing, the meaning can be readily interpreted, this is allowable, but for the present the student is advised to write at least the name of the other a/c affected.

Thus, in posting the first Journal entry "Cash Dr. To Capital \$500," the debit entry in Cash a/c is "**To Capital \$500**," "*Capital*" being the credited a/c; and the credit entry in Capital is "**By Cash \$500**," "*Cash*" being the debited a/c. The second Journal entry is posted in Mdse. a/c as follows:—"To Capital \$300"; and in Capital a/c "**By Mdse. \$300**"; and so on with the others.

OPENING THE LEDGER.

Turning to the Ledger ruling of his Commercial Blank Book the student will open the a/cs as follows:—Write the name of the first a/c, **Capital**, in the middle of the page, on the blue line above the double headline. On the same line write the terms Dr., Cr., to the left and right of the page respectively. As this a/c includes four entries it will be made a $\frac{1}{4}$ page a/c. Count six clear spaces below the headline, and at the bottom of the last space draw a double horizontal line across the page, except the debit date columns and the credit money columns. One space below this draw a similar double horizontal line of the same length. In this space write the name of the next a/c, **Expense**. As this will also be a $\frac{1}{4}$ page a/c, count six clear spaces, at the bottom of which rule as before. In the space thus made write the name of the next a/c, **Mdse**. This

a/c being a $\frac{1}{2}$ page a/c will require the remainder of the page. Open the remaining a/cs in the same way in the following order:—**Bank, Bills Receivable**, $\frac{1}{4}$ page each; **Cash**, $\frac{1}{2}$ page; **Bills Payable, A. Davis, J. Jones, Loss and Gain**, $\frac{1}{4}$ page each.

POSTING:—Beginning now with the first Journal entry, enter it in Cash and Capital a/cs as indicated in the preceding paragraph, and so on till every Journal entry is recorded in the Ledger a/cs indicated.

NOTE.—Before making any entries in the Ledger write the name of each a/c, with the page on which it is found, in the Ledger Index. This will furnish a ready reference to any a/c, besides avoiding the opening of two a/cs for the same person, which sometimes leads to troublesome mistakes. The name of the year, 190—, should be written at the top of the date column before making the first entry on either side.

INDEXING JOURNAL AND LEDGER ENTRIES.

The narrow column to the left of the money columns in both the Journal and the Ledger is an index column. When any item is posted enter the page of the Journal record in the index column of the Ledger a/c; and at the same time enter the page of the Ledger a/c in which it is posted in the index column of the Journal. (See indexing in specimen Journal and Ledger.)

CLOSING THE LEDGER.

Although the student will be called upon to close his Ledger at the end of every set, including only one month's business or less, he must bear in mind that in actual business this is done only at certain important epochs, such as **selling out the business, the admission of a partner, or the close of the financial year.**

The preceding Ledger is closed on May 22 presumably to show the Net Worth of the business at the end of the financial year. This result is ascertained, as the student has already learned in Chapter I, by finding the Net Gain or Net Loss and transferring it to the Capital a/c.

Mdse. a/c shows a gain of \$106.65, and Expense a/c shows a loss of \$33. Heretofore the student has obtained the net result of these "Loss and Gain" a/cs and carried it direct to the Capital a/c. It will now be necessary to make a systematic record of losses and gains in the "**Loss and Gain a/c.**" Close Mdse. a/c in red ink thus, "**To Loss and Gain,**" and Expense a/c "**By Loss and Gain**"; "*Loss and Gain*" indicating the a/c to which these closing entries are to be transferred. *Bring down the totals and rule double red ink lines below these amounts, across both money and date columns. (See Mdse. and Expense a/cs in specimen Ledger.)

Transfer to the credit side of Loss and Gain a/c the debit closing entry of Mdse. a/c, \$106.65, thus, "**By Mdse. \$106.65.**" Transfer the credit closing entry of Expense a/c, \$33.00, to the debit side, thus, "**To Expense \$33.00,**" "*Mdse.*" and "*Expense*" indicating the a/cs from which these items were transferred. Index each entry in the Loss and Gain a/c with the page of the Mdse. or Expense a/c from which it was transferred. The difference between these two amounts \$73.65 will be the Net Gain, and must be entered on the debit side to balance the a/c. Close the a/c by writing in red ink "**To Capital \$73.65,**" "*Capital*" indicating the a/c to which this amount is to be transferred. Bring down the equal totals and rule double horizontal lines below the amounts.

Transfer this Net Gain from the debit side of "Loss and Gain" a/c to the credit side of Capital a/c, thus, "**By Loss and Gain \$73.65.**" The difference between the two sides of Capital a/c now \$873.65, shows the Net Worth at the close of the year, which is represented by the entry in red ink, "**To Balance \$873.65.**" Bring down the equal totals and rule as in the other a/cs.

All other a/cs in the Ledger not showing a loss or gain are closed "**To Balance.**" or "**By Balance.**" These "*balances*" should be fully interpreted according to the closing entries written in full in Exercise XIX.

It will be found that all "**By Balances**" denote some value on hand, or owing to us which can be converted into money; and all "*To Balances*" denote debts owing by us. The former are called **Resources** or **Assets**, and the latter **Liabilities**.

* Many book-keepers omit totals in closing the Ledger.

TWO CLASSES OF LEDGER A/CS.

It will thus be seen that the Ledger a/cs are divided into two classes :

1. Those showing losses and gains are called **representative a/cs**.
2. Those showing assets and liabilities are called **real a/cs**.

The representative a/cs must always be closed and the results carried through the "Loss and Gain" a/c to Capital a/c as shown above. It is not necessary, however, to close the real a/cs as they simply show the assets and debts of which the Net Worth is composed. If it is desired to open a *new ledger*, or begin the a/cs anew in the *same ledger*, the balances should be entered in red ink, the totals brought down and ruled off, and the balances carried forward to the opposite side of the new a/c, as indicated in the specimen Ledger. These new a/cs will then practically be the same as the old ones before closing, and by making a trial balance of all such balances carried forward in the new a/cs, it can be proved that the Ledger is still in balance.

It is clear that all **assets** (By Balances), and all **liabilities** (To Balances), are transferred from the old a/cs to the opposite side of the new in the specimen ledger, but it may not appear that the **gains** and **losses** are similarly treated.

It will be seen, however, that in transferring the **Net Worth** (To Balance) \$873.65, from the old Capital a/c to the new, all losses and gains were carried to the new ledger in this amount, as the **Net Gain** is included therein. Consequently the new ledger as opened, is a correct statement of all a/cs in the old, and will be found to be in balance.

PROOF OF ACCURACY.

If all the ledger a/cs are correct, the Net Worth already shown in the closed Capital a/c can be obtained from an entirely independent source by making a statement of the Assets and Liabilities shown in the real a/cs (see Statement I). The two following statements will illustrate how the double entry system of book-keeping furnishes a *proof of accuracy* by a comparison of the results obtained from the two classes of a/cs :

I. Statement of Assets and Liabilities.

(Obtained from the real a/cs.)

<i>Resources :—</i>			
<i>Cash.</i>	<i>Amount on hand</i>	- - -	115 55
<i>Bank.</i>	<i>Amount in bank</i>	- - -	1502 00
<i>Bills Rec.</i>	<i>Notes on hand</i>	- - -	15 90
<i>A. Davis.</i>	<i>Balance due us</i>	- - -	40 20
<i>Total</i>			1673 65
<i>Liabilities—</i>			
<i>Bills Pay.</i>	<i>Our notes outstanding</i>	-	800 00
<i>P. N. Worth</i>	- - - - -	-	873 65
			1673 65

II. Statement of Losses and Gains.

(Obtained from the representative a/cs.)

<i>Gain from Mdse.</i>	- - - - -	106 65
<i>Loss from Expense</i>	- - - - -	33 00
<i>Net Gain</i>	- - - - -	73 65
<i>Net Investment.</i>	<i>(Shown in Cap. a/c.)</i>	800 00
<i>Net Gain</i>	- - - - -	73 65
<i>P. N. Worth</i>	- - - - -	873 65

To the Student.—When you can record accurately and without assistance the business transactions for May in the books of entry as explained in this Chapter, can close the representative a/cs and make a financial statement on May 22, you are in a position to pass on to Chapter III and write the books for June, July, and August, and make out financial statements at the end of each month, the same as an experienced accountant does at the end of every financial year in a large business office. Do not leave Chapter II until you have thoroughly mastered it. Make the following summary your *own*.

SUMMARY CHAPTER II.

1. The **fundamental principle of double entry book-keeping** is the fact that every transaction is recorded in two different a/cs in the Ledger, on the debit side of one a/c, and on the credit side of the other, and that the debits and credits of the Ledger are equal.

2. A **book of original entry** is one in which the transactions are recorded at the time and in the order of their occurrence.

3. The **Journal** is a book in which the transactions are recorded, showing the a/c or a/cs to be debited and credited by each.

4. The **Ledger** or book of a/cs, is the book in which all transactions are classified and arranged in their respective a/cs.

5. **Loss and Gain a/c** is a record of all losses and all gains for a certain period, and shows when closed the Net Gain or Net Loss for that period. It is debited with losses and credited with gains. It is the a/c into which are closed all Ledger a/cs showing a gain or loss, and itself closes into Capital.

6. By **Assets** we mean all values in our possession or owing to us which can be converted into money.

7. By **Liabilities** we mean our debts.

Note :—By knowing a business man's resources and liabilities we can at once ascertain the net worth of his business or his financial standing, for it is the difference between the sum of the resources and the sum of the liabilities.

8. **Assets** usually consist of :—

- (a) Cash on hand, shown in the Cash a/c.
- (b) Cash in the bank, shown in the Bank a/c.
- (c) Others' notes on hand, shown in the Bills Rec. a/c.
- (d) A/cs collectible, shown in the personal a/cs.
- (e) Goods in stock, ascertained by taking stock and shown in the Stock or Inventory Book.
- (f) Real estate, ascertained by valuation of Real property and shown in the Inventory Book.
- (g) All other articles, chattels and unused values which may be disposed of for money, ascertained by valuation and shown in the Inventory Book.

9. **Liabilities** consist of :—

- Debts on a/c, shown in the personal a/cs.
- Debts on note, shown in the Bills Payable a/c.

10. **Real a/cs** are those which show an asset or liability and are closed "**To Balance**" or "**By Balance**";—

- "**To Balance**" indicating a liability,
- "**By Balance**" indicating an asset.

11. **Representative a/cs** are those which show a loss or gain and are closed "**To Loss and Gain**" or "**By Loss and Gain**";—

- "**To Loss and Gain**" indicating a gain,
- "**By Loss and Gain**" indicating a loss.

12. **Note** :—In a closed Ledger, **gains** and **debts** are found on the **debit side** and **losses** and **assets** are found on the **credit side**.

CHAPTER III.

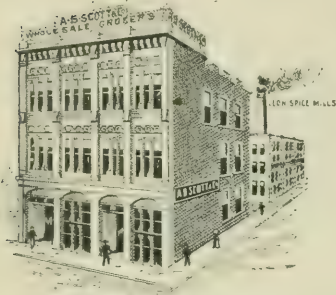
INVOICES, BILLS, STATEMENTS OF A/C.

A detailed statement given by a wholesale dealer to a retail dealer, showing the quantity and price of goods sold to the latter, is called an **Invoice**; that given by a retail dealer to a consumer is called a **Bill**.

A Bill, however, may be defined as any statement given by a creditor to his debtor, containing particulars of the charge, whether for goods sold or services rendered. When a bill or invoice has "**Paid**" or words of similar import marked thereon, followed by the signature of the creditor, it becomes a **receipted bill** or **receipt** in the hands of the debtor.

Writing in Wholesale Office. Invoices are written by the Invoice Clerk either from the buyer's or traveller's order, or from the packer's list. In either case the items of the invoices are previously checked by the shipper in the shipping room as the goods are packed for shipment. They are then returned to the office to be mailed by the book-keeper.

The following is a copy of A. B. Scott & Co.'s \$400 Invoice of May 2, 190—.



A. B. SCOTT & Co.

WHOLESALE GROCERS

IMPORTERS OF TEAS

AGENTS FOR

LEON SPICE MILL PRODUCTS

London, Ont., May 2, 190—.

**GRAND
MOGUL GOODS**

TEA, COFFEE
EXTRACTS
BAKING POWDER
CREAM TARTAR
MUSTARD
SOAP, ETC.

Earnest Student,

Collegetown.

TERMS:—Canned Goods of all kinds. } 3 Mos. Less 3% 30 Days.
Teas, Spices and General Goods. }
Syrups, Sugars. }
Dried Fruits. } 30 Days, or 1% for Cash in 10 days.
Grand Mogul Goods. }
Lard, Cheese, Oatmeal, Produce of all kinds. Net Cash.

30 dys.	10	Bbls. St. L. Gr. Sugar,							
		335-21; 416-26; 396-20; 409-19;							
		325-26; 297-19; 408-20; 388-18;							
		378-18; 324-19: Total	3676-206=3470 lbs.	3.80	131	86			
1% 10 dys.	10	Bbls. No. 2 Yel. Sugar,							
		284-16; 300-15; 288-16; 316-16;							
		309-19; 324-16; 316-16; 307-17;							
		360-20; 312-15; Total	3146-166=2980 lbs.	3.20	95	36	227	22	
3 mos.	10	Cases Pure Food Corn,	20 doz.	.85	17	00			
	10	" " Beans,	20 doz.	.75	15	00			
	10	" " Peas,	20 doz.	.82½	16	50	48	50	
3% 30 dys.	10	Sacks Patua Rice 1000-16	984 lbs.	.041½	44	28			
	5	Cases Malt Breakfast Food,	10 doz.	4.00	40	00			
	5	" Tillson's Oats,	10 doz.	4.00	40	00	124	28	
Net Cash.							400	00	

RECEIPT THIS INVOICE SHOWING PAYMENT BY NOTE.

See Statement, page 33.

Shipping Bill.—A Shipping Bill showing the number of boxes or packages, with the weight of each, is made out by the packer or clerk in the shipping room for the signature of the Transportation Co. undertaking to carry the goods to their destination. These bills may be made out at the Freight Office of the Co. when the goods are given into its possession, and are usually made out in duplicate, one copy being retained by the Transportation Co., and the other retained by the Wholesale House, or mailed to the purchaser as soon as the goods are forwarded.

The following is a copy of the Shipping Bill made in duplicate at A. B. Scott & Co.'s shipping room and taken by the carter to the freight depot with the goods. Form (2) signed by A. B. Scott & Co. is retained by the Railway Co., from which to make out a way bill to accompany the goods and which is recorded in the books of the Freight Office. Form (1) is signed by the agent of the Railway Co. and returned to the wholesale office either to be retained as a receipt for the goods or forwarded to the purchaser.

(Shipping Bill.)

(1.) **GRAND TRUNK RAILWAY SYSTEM** (Bk. 68)

This Company will not be responsible for Goods mis-sent, if they are consigned elsewhere than to a station on its Railway. Rates, weights and quantities entered on Receipts or Shipping Notes are not binding on the Company, and will not be acknowledged. All Goods going to or coming from any place out of Canada will be subject to Customs' Charges, &c.

BINDER FOLIO.

London,

Date, May 3, 190....

RECEIVED from A. B. Scott & Co.

the undermentioned Property,

in apparent good order, addressed to Earnest Student,

Colleggetown.

to be sent by the said Company subject to the terms and conditions stated above, and to those upon the other side of this shipping receipt, and to the terms and conditions of the current classification of freight and tariff, all of which are agreed to by the shipping note, delivered to the Company at the time of giving this receipt therefor, as a special contract in respect of said property.

CAR NO. AND INITIAL

Rates to and from Cartage points are subject to an additional charge at either or both ends of 1½ cents per 100 lbs. on freight classifying 1st to 4th, and 1 cent on 5th class freight, when carted by the Railway Company.

A charge of not less than \$1.00 per car per day, or fraction thereof, will be made when cars are delayed beyond 48 hours in loading or unloading.

No. OF PACKAGES, SPECIES OF GOODS, SAID TO BE.		MARKS.	QUANTITY OR WEIGHT LES., SAID TO BE.	BACK CHARGES.
10	Bbls. Gran. Sugar		3470	
10	" Yel. "		3150	
30	Cases Canned Goods		2000	
10	" Br. Foods		700	
10	Sacks Rice		1000	

Attention is called to the special contract above mentioned in print.

AGENT, G.T.R.

(Shipping Bill.)

(2.) GRAND TRUNK RAILWAY SYSTEM (Bk. 68)

The Company is not to be responsible for any Goods mis-sent, unless they are consigned to a station on its Railway. Rates, weights and quantities entered on Receipts or Shipping Notes are not binding on the Company, and will not be acknowledged. All Goods going to or coming from any place out of Canada will be subject to Customs' Charges, &c.

London, Date, May 3, 190

THE GRAND TRUNK RAILWAY COMPANY OF CANADA will please receive the undermentioned Property in apparent good order, addressed to Earnest Student, Collegetown, G.T.R.

to be sent by the said Company subject to the terms and conditions stated above, and to those upon the other side of this shipping note, and to the terms and conditions of the current classification of freight and tariff, all of which are agreed to by the shipping note, delivered to said Company by the consignor as the basis upon which its receipt is to be given for said property, and as a special contract in respect thereof.

CAR NO. AND INITIAL

Rates to and from Cartage points are subject to an additional charge at either or both ends of 1½ cents per 100 lbs. on freight classifying 1st to 4th, and 1 cent on 5th class freight, when carted by the Railway Company.

A charge of not less than \$1.00 per car per day, or fraction thereof, will be made when cars are delayed beyond 48 hours in loading or unloading.

No. of PACKAGES, SPECIES OF GOODS, SAID TO BE.		MARKS.	QUANTITY OR WEIGHT, LBS., SAID TO BE.	BACK CHARGES.
10	Bbls. Gran. Sugar		3470	
10	" Yel. "		3150	
30	Cases Canned Goods		2000	
10	" Br. Foods		700	
10	Sacks Rice		1000	

Attention is called to the special contract above mentioned in print.

A. B. Scott & Co. CONSIGNOR.

DELIVERY AT DESTINATION. On the purchaser paying the freight charge and signing the Receipt Book of the Transportation Co., the agent of the Co. receipts the freight bill and delivers it with the goods to the owner. In towns and cities, licensed carters usually take all consignments of freight as they arrive for the various merchants, paying freight charges thereon, obtaining the receipted bills from the Co., and then collecting the amounts so paid from the merchants when delivery is made at their places of business. In large business establishments where goods are constantly arriving, settlement of freight charges is usually made with the Railway Cos. only at certain times, generally once a week. The freight bills are filed when received from the carter and checked with the itemized statement presented by the Co. at the end of the week, before payment is made.

The following is a copy of the Freight Bill or Advice made out in duplicate by the Railway agent at Collegetown informing Student of the arrival of the goods and stating charges due thereon. Form (1) which was forwarded to Student must be presented by him to the Co.'s agent when the goods are required, and when signed by the agent becomes Student's receipt for the payment of the freight charges. Form (2) is signed by Student and is retained by the agent as his receipt for the delivery of the goods. Both receipts are, of course, carefully filed by the parties receiving them.

This freight remains here at owners' risk, and is subject to storage for shed goods at Company's rate for such storage, or car rental in case of carload freight, after 48 hours. The charge for car rental will be \$1.00 per car per day or fraction thereof. The property will be delivered only on presentation of this bill.
See Bill of Lading for conditions of carriage.

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(Advice.)

CONSIGNEE AND DESTINATION
Earnest Student,
Collegetown,
Ont.

Collegetown Station May 6, 190

In Pro. No. Customs Report No. Sheet No.

To the **GRAND TRUNK RAILWAY SYSTEM** Dr.

For transporting the undermentioned Freight billed from London, Ont.

Date of W. B. W. B. No. Out. Pro. No. Car No. Initial

Sender	No. of Pkgs.	ARTICLES	Weight	Rate	Net Freight	Advances	Total
A. B.	10	Bbls. Gran. Sugar	3470	10c.	3 47		
Scott	10	" Yel. "	3150		3 15		
& Co.	30	Cases Canned Goods	2000		2 00		
	10	" Br. Foods	700		70		
	10	Sacks Rice	1000		1 00		10 32

Date 190 Received Payment,

Agent.

All Cheques to be Accepted by Bank and made Payable to Grand Trunk Railway System, unless Charges are Paid to Cartage Agent.

2

CONSIGNEE AND DESTINATION
Earnest Student,
Collegetown,
Ont.

Collegetown Station May 6, 190

In Pro. No. Customs Report No. Sheet No.

Received of the **GRAND TRUNK RAILWAY SYSTEM**

the following described property in good order from London, Ont.

Date of W. B. W. B. No. Out Pro. No. Car No. Initial

Sender	No. of Pkgs.	ARTICLES	Weight	Rate	Net Freight	Advances	Total
A. B.	10	Bbls. Gran. Sugar	3470	10c.	3 47		
Scott	10	" Yel. "	3150		3 15		
& Co.	30	Cases Canned Goods	2000		2 00		
	10	" Br. Foods	700		70		
	10	Sacks Rice	1000		1 00		10 32

Receiver's
Signature

Earnest Student

Delivered by

G.T.R.

May 7th

190

Per

John Carter.

This space for Binding when filing away.

Checking by Purchaser. As the goods are being unpacked they are checked off the retail dealer's copy of the invoice, and, if satisfactory as to quality and price, are then ticketed and marked with his private cost mark and the selling price, after which they are passed into stock.

Filing Invoices. All invoices should be carefully filed or recorded in some book, in order to show the amount of goods purchased for any period of time. In case of fire where the stock has not been taken for a considerable time, it frequently happens that the Invoice Book and the Sales Book are the only possible sources from which the Insurance Cos. can obtain satisfactory evidence of the merchant's claim for insurance. Indeed, in some instances the Invoice Book and Sales Book are called into requisition to prove the reliability of the stock sheets.

Discounts. Different classes of goods are subject to different terms of payment, according to the terms on which the wholesale dealer buys them from the manufacturer. Thus, in A. B. Scott & Co.'s \$400 invoice of May 2, (see page 28) the sugars are due in 30 days from the date of sale. If payment is deferred beyond this due date, the invoice price is subject to interest for the time overdue. **1% in 10 days** indicates that if paid at or before the expiration of 10 days, a discount of 1% is allowed off the invoice price. The goods marked **"3 mos."** are not due until 3 mos. from the date of the invoice. If payment is deferred beyond this time, the invoice price is subject to interest. **3% 30 days** indicates that if paid within 30 days a discount of 3% is allowed off the invoice price. The goods marked **"Net"** or **"Net Cash"** are not subject to any discount but are due and payable at the time of purchase.

Settlements. Different retail merchants have different ways of making settlement for their purchases. Some prefer to **remit the cash** for each invoice direct to the wholesale house, while others prefer to settle monthly by **promissory note** for the amount of the month's purchases, less the discounts to which they would be entitled at the due date of the note. Others again **pay the wholesale traveller on each visit** for the goods purchased on the previous visit. It is the book-keeper's duty to become acquainted with the desires of customers in this respect, and to arrange for settlement in accordance therewith.

EXERCISE XXV.

Write out in your Book of Business Forms the following Invoices:—

1. A. B. Scott & Co., May 2, 8 and 18.
2. Welsh & Co., June 8 ; James Lawson, June 9.
3. Turner & Son, July 3 ; Caldwell, July 9.
4. R. Sills, Aug. 2 ; Welsh & Co., Aug. 11 ; Jas. Lawson, Aug. 15.

EXERCISE XXVI.

1. Detach each Invoice and place thereon the receipt for payment, as stated in the memoranda of transactions, except the remittances by bank draft on June 8 and July 3. Receipt for these payments will be shown in the Statements of A/c issued by the wholesale houses at the end of the month.

2. File the Invoices in the order of their dates for reference when writing the Journal.

NOTE.—When an Invoice of goods is purchased at the wholesale warehouse and paid for at the same time, the receipt for payment is placed on the purchaser's copy ; but when payment is made by note or money remittance, after the arrival of the goods, receipt for payment is shown on the Statement of A/c issued by the wholesale house at the end of the month. The above invoices may be left attached to the stubs until the Journal is being written, when each may be detached, indexed and filed as the purchase is journalized.

Monthly Statements. These are sent out by the wholesale house to retail customers at the end of every month, giving a summary of all purchases and payments on a/c for the month, and the balance due. Except where the customers arrange to settle otherwise these statements are accompanied by a note to be signed and returned by the customer.

Form No. 1, shows a summary of A. B. Scott's \$400 Invoice of May 2, and acknowledgment of settlement by note on day of purchase.

Form No. 2, shows a summary of the same Invoice with discounts allowed and receipt of payment any time within 10 days from date of sale.

NOTE.—As the note given in payment on 2/5/190—, was not due till the due date of the Invoice, no discount was allowed in the settlement shown on Form 2.

No. 1.

No. 2.

MONTHLY STATEMENT.

Folio.....

London, Ont., May 2, 190—.

Mr. Earnest Student,

Collegetown.

In account
with

A. B. SCOTT & CO.,

WHOLESALE GROCERS.

May	2	To Mdse.	3	48	50
		N.		124	28
		S.		227	22
				400	00
"	2	By Note due June 4th		400	00
		A. B. S. & Co.			

MONTHLY STATEMENT.

Folio.....

London, Ont., May 6, 190—.

Mr. Earnest Student,

Collegetown.

In account
with

A. B. SCOTT & CO.,

WHOLESALE GROCERS.

May	2	To Mdse.	3	48	50
		N.		124	28
		S.		227	22
				400	00
"	6	Dis. 1% \$227.22, \$2.27			
		" 3% 48.50, 1.46			
		By Cash		396	27
				400	00
		A. B. S. & Co.			

EXERCISE XXVII.

1. Make out Shipping Bills in duplicate for each of the above Invoices, except the load of wheat from Lawson, Aug. 15, delivered by team. Sign Freight Agent's name to No. 1 Forms, and the Shipper's name to No. 2 Forms.
2. Place in the same file with the Invoices, in the order of their dates.
3. As No. 1 Forms are retained by the Freight Agent as his receipts for delivery of the goods, the student may hand all of No. 1 Forms to his teacher, who will file them for the Agent.

EXERCISE XXVIII.

1. Write out Freight Bills, advising Student of the arrival of the goods at Collegetown, dating each two days later than the Shipping Bills for the same goods.
2. Write the signature of your Station Agent at Collegetown on all No. 1 Forms, and for reference when journalizing, file under head of Receipts.

NOTE.—These Freight Bills may be left attached to the stubs until the Journal is being written, when each may be detached, indexed and filed as the payment thereof is journalized.

3. Sign all No. 2 Forms and hand to your teacher to file for the Station Agent.

SET 1.

BOOKS USED—JOURNAL, LEDGER.

June 1, 190—. (Student's Name) began business investing as follows:—Cash on hand \$500; goods in store \$600. 2.—Bought for cash 2 tons of coal \$15; also horse and delivery waggon \$120. Deposited in the Commercial Bank of Canada \$300. Cash sales \$25.50. 4.—Sold C. S. Fraser on his note at thirty days, 4/6/190—, 20 sacks of flour at \$1.75; 30 bush. potatoes at 25c.; 50 lbs. ham at 12c. Total, \$——. Cash sales \$30. 6.—Bought stationery per cheque \$6.20. Paid advertising "Free Press a/c" \$1.60. Cash sales \$28.70. 7.—Sold M. C. Russell on a/c 25 lbs. rolled oats at 5c.; 2 bbls. apples at \$3.25. Total, \$——. Cash sales \$17.90. 8.—Bought from Welsh & Co., Toronto, 40 bbls. flour at \$5.00, as per invoice, \$200; remitted in payment a bank draft purchased with cash. Freight bill filed \$8.60. Cash sales \$35.75. 9.—Bought from James Lawson, Chatham, for cash, 100 bush. potatoes at 20c. Freight bill filed \$5.35. Cash sales \$29.30. 10.—C. S. Fraser paid his note, 4/6/190—, proceeds deposited \$——. Cash sales \$35.60. 11.—Sold delivery horse and waggon to M. C. Russell on a/c \$130. Cash sales \$39.70. 13.—Bought of Leslie & Co., on my note at thirty days, 13/6/190—, payable at the Commercial Bank of Canada, an office desk, \$20. Cash sales \$19.40. 14.—Sold A. Caskey 100 lbs. ham at 12c.; 20 lbs. sugar at 5c.; received in payment his note at two months, 14/6/190—, payable at the Bank of Montreal. 15.—Sold out my entire stock of goods as per stock sheets, receiving cash in full payment \$580.45. Sold to M. C. Russell my office desk \$17.50; and balance of fuel \$4.60; received in payment his note at one month, 15/6/190—, payable at the Bank of Montreal. Paid June freight bills by cheque \$13.95.

1. Journalize in your Commercial Blank Book, according to specimen entries on pages 21-22.
2. Open Ledger a/cs in the order indicated, allowing space for each as follows:—Student's Capital, Expense, $\frac{1}{4}$ page each; Mdse., $\frac{1}{2}$ page; Bank, Bills Rec., $\frac{1}{4}$ page each; Cash, $\frac{1}{2}$ page; Loss and Gain, M. C. Russell, $\frac{1}{4}$ page each. Index each a/c as it is opened, in the Ledger Index.
3. After posting all journal entries write a Trial Balance, dating June 15.
4. Close Mdse. and Expense A/cs into Loss and Gain A/c. Close Loss and Gain A/c into Capital A/c, and write a Statement of Losses and Gains according to the form on page 26, dating June 15.
5. Close all Real a/cs and rule according to specimen ruling in closed ledger, pages 22-24. Carry forward the balances dating June 16.

Results, June 15th:—Cash on hand \$685.70; Cash in Bank, \$328.35; Notes Rec. on hand \$35.10; M. C. Russell owes on a/c \$137.75; Notes Pay. \$20; Net Gain \$66.90; Net Worth \$1,166.90.

SET 2.

BOOKS USED—JOURNAL, LEDGER.

July 2, 190—. (Student's Name) began business investing as follows:—Cash in safe \$400; cash on deposit in Commercial Bank of Canada \$600; goods in store \$600; 3 tons of coal valued at \$20; office furniture on hand \$40; he owes C. H. Laidlaw on a/c \$25. 3.—Bought of Turner & Sons, Toronto, goods as per invoice No. 1 as follows:—3 pcs. sheeting xx, 110, 108, 107 yds. at 5c.; 2 pcs. English tweed, 60, 65 yds. at \$1.11; 5 boxes cotton thread, assorted numbers, \$5.00. Total, \$——. Remitted in payment a bank draft purchased with cash (exchange $\frac{3}{4}\%$). Paid freight by cheque on the bank \$10. Cash sales \$42.30. 4.—Sold C. H. Laidlaw on a/c 15 yds. Canadian tweed at \$1.20; 5 yds. velvet at \$1.70. Total, ——. Deposited in bank \$20. Paid cash for stationery \$2.10. Cash sales \$38.75. 5.—Sold M. Langham on a/c 100 yds. sheeting at 30c.; 25 yds. farmer's satin at 50c. Cash sales \$19.90. 6.—Deposited in bank \$25. Paid cash for coal oil \$1.20. Cash sales \$25.65. 8.—Lent cash to C. H. Laidlaw \$15. Paid subscription to Victoria Hospital by cheque \$17.50. Cash sales \$32.90. 9.—Bought of Caldwell & Son., Hamilton, on my note at 30 days, 10/7/190—, payable at the Commercial Bank of Canada, goods as per invoice No. 2, as follows:—5 pcs. cotton, 40, 60, 50, 80, 110 yds. at 6 $\frac{1}{2}$ c.; 4 pcs. cotton, 90, 96, 110, 120 yds. at 4 $\frac{1}{2}$ c.; 6 pcs. print, 80, 60, 50, 70, 90, 110 yds. at 7 $\frac{1}{2}$ c.; 2 doz. cashmere hose at \$2.34 per doz. Total, ——. Paid freight by cheque \$2.30. Cash sales \$25. 10.—M. Langham settled his a/c in full by his note at 10 days, 10/7/190—, payable at the Bank of Commerce, \$——. Cash sales \$42.60. 11.—Sold M. Langham 120 yds. English tweed at \$1.40. Received in payment his cheque on the Bank of Ottawa for \$100, the balance to remain on a/c. Cash sales \$19.75. 12.—Deposited in bank \$30. Cash sales \$27.85. 13.—Paid clerk's salary for two weeks per cheque \$30. 14.—**Inventories:—Goods on hand \$367.85. Office furniture on hand \$38.50.**

1. Journalize in your Commercial Blank Book, according to specimen entries on pages 21-22.
2. Open Ledger a/c's in the order indicated, allowing space for each as follows:—Student's Capital, Expense, $\frac{1}{4}$ page each; Mdse., $\frac{1}{2}$ page; Bank, Bills Pay., $\frac{1}{4}$ page each; Cash, $\frac{1}{2}$ page; M. Langham, Loss and Gain, and C. H. Laidlaw, $\frac{1}{4}$ page each. Index each a/c as it is opened in the Ledger Index.
3. Post all journal entries and make a Trial Balance dating July 13.
4. Carry the losses and gains through the Loss and Gain A c to Capital A c. Write a Statement of Losses and Gains.
5. Close all Real a/c's except those personal a/c's not already in balance. Rule all closed a/c's according to specimen ruling in closed ledger on pages 22-24. Carry forward all balances dating July 15.
6. Prove your ledger is still in balance and ready for posting of new business.

Results, July 14th:—Cash on hand \$521.20; Cash in bank \$615.20; Bills Rec. \$42.50. A/c's Collectible:—C. H. Laidlaw \$16.50; W. Langham \$68; Bills Pay. \$80; Net Loss \$27.75; Net Worth \$1,589.75.

SET 3.

BOOKS USED—JOURNAL, LEDGER.

Aug. 1, 190—. (Student's Name) and Jno. Young began a Grain and Flour Business at No. 10 York St., City, in partnership, agreeing to share gains and losses equally and investing as follows:—Student invests cash \$600. Jno. Young invests 300 bus. wheat at 70c.; 100 bbls. flour at \$4.00; J. Langdon's a/c due him \$40. 2.—Bought of R. Sills for cash 100 bbls. flour at \$5; freight prepaid. 3.—Sold W. Wills for cash 150 bus. wheat at \$1.05; 3 bbls. flour at \$6.50. 4.—Sold R. Fullerton on a/c 25 bus. wheat at \$1; 15 bbls. flour at \$6. Deposited in bank \$50. 5.—Sold J. Tracy on a/c 50 bbls. flour at \$6.10; 30 bus. wheat at \$1. 6.—Received from J. Langdon in full of a/c, cash \$30; his note at 30 days, 6/8/190—, for balance, \$——. 8.—Paid cash for a set of books for use in store, \$10. 8.—Lent R. Fullerton \$5 bill. 9.—Paid E. Donald for repairing doors, etc., \$1. 10.—Sold R. Naughton 20 bbls. flour at \$6.10, on his note at 30 days, 10/8/190—. 11.—Bought of Welsh & Co. on my note at 10 days, 11/8/190—, 10 bbls. flour at \$6.00; paid freight by cheque, \$2.10. 12.—Received from R. Fullerton on a/c, \$50.00. Sold J. Langdon 100 bbls. flour at \$6.10; received in payment, cash \$100; Jno. Smith's note, \$200, 15/7/190—, favor of J. Langdon for two mos.; balance to remain on a/c. Cash sales to-day, \$100. 13.—Received J. Tracy's note at 30 days, 13/8/190—, in full of a/c, \$——. 13.—Paid cash for fuel, \$10. Deposited in bank \$200. 15.—Paid cash for my note of 11th inst., \$——. Bought of Jas. Lawson on my note at 30 days, 15/8/190—, 30 bus. wheat at 90c. Paid cash for coal oil, \$1.20; Aug. cartage, \$10.00; clerk's salary, \$30. 17.—Sold L. Mason on his note at 30 days, 15/8/190—, 10 bbls. flour at \$6.10; 98 bus. wheat at 90c.

17.—Inventory of unsold goods :—12 bbls. flour at \$5.50	-	-	\$66.00
27 bus. wheat at 90c.	-	-	24.30
Total	-	-	\$90.30

Rent for Aug. unpaid, \$25.00.

1. Journalize in your Commercial Blank Book, according to specimen entries on pages 21-22.
2. Open Ledger a/cs in the order indicated, allowing space for each as follows:—Student's Capital, Jno. Young's Capital, $\frac{1}{4}$ page each; Mdse., $\frac{1}{2}$ page; Expense, Bills Rec., $\frac{1}{4}$ page each; Cash, $\frac{1}{2}$ page; Bills Pay., Bank, Loss and Gain, Jas. Tracy, R. Fullerton, J. Langdon, $\frac{1}{4}$ page each. Index each a/c.
3. Post all journal entries and make a Trial Balance dating Aug. 7.
4. Close the Representative a/cs into Loss and Gain A/c and Loss and Gain A/c into Capital A/c. Write a Statement of Losses and Gains, showing each partner's share of the Net Gain or Net Loss according to partnership agreement.
5. Close all Real a/cs except those personal a/cs not already in balance. Rule and carry forward all balances as before.
6. Write a Statement of Assets and Liabilities.
7. Prove your Ledger is still in balance and ready for posting of new business.

Results, Aug. 17th:—Cash on hand, \$179.80; Cash in Bank, \$247.90; Notes Collectible, \$816.20. A/cs Collectible;—R. Fullerton, \$70.00; Jno. Langdon, \$310.00; Bills Pay. \$27.00; Student's share of Net Gain, \$206.10; Jno. Young's share of the Net Gain, \$206.10.

EXERCISE XXIX.

The Trial Balance given below contains the footings of all the a/cs in my Ledger that are not in balance, except those of Cash A/c.

TRIAL BALANCE.

NAMES.	DEBITS.		CREDITS.	
Capital - - - - -	532	20	4833	80
Cash - - - - -				
Mdse. - - - - -	4326	80	8375	90
Bills Rec. - - - - -	472	26	247	88
Bills Pay. - - - - -	237	22	937	22
Jno. Jones - - - - -	134	88	986	93
Expense - - - - -	437	50	350	00

1. Find the amount of cash on hand.
2. Write out a Statement of Assets and Liabilities from this Trial Balance. The Inventory Book shows goods on hand worth \$1,000.
3. Write out a Statement of Losses and Gains.
4. What does the credit amount \$4,833.80 represent?
5. What does the debit amount \$532.20 represent?
6. What name is applied to the difference?

EXERCISE XXX.

The Trial Balance given below contains the footings of all my Ledger a/cs not in balance. The Inventory Book shows items not posted as follows:—

Goods on hand	-	-	-	-	\$2350.00
Rent paid in advance	-	-	-	-	90.00
Clerk's salary due and unpaid	-	-	-	-	33.33

TRIAL BALANCE.

NAMES.	DEBITS.		CREDITS.	
Capital - - - - -	293	67	3894	50
Mdse. - - - - -	9489	62	8627	95
Cash - - - - -	5327	16	2793	62
Bills Rec. - - - - -	982	25	896	91
Bills Pay. - - - - -	254	00	954	75
Rent - - - - -	180	00		
Salary - - - - -	66	67		
Jno. Smith - - - - -	900	60	326	24

1. Write out a Statement of Assets and Liabilities from this Trial Balance.
2. Write out a Statement of Losses and Gains.
3. What was the Net Investment?
4. How does it compare with the Present Net Worth?
5. What will the difference between the Net Investment and the Present Net Worth represent?

EXERCISE XXXI.

The following is a Statement of Timothy Hay's Assets and Liabilities on June 30, 190—, taken from his closed Ledger.—

STATEMENT OF ASSETS AND LIABILITIES.
JUNE 30TH, 190—.

Resources:—				
Cash on hand - - - -	326	40		
Goods on hand - - - -	2600	00		
Store Fixtures - - - -	300	00		
Cash in Bank - - - -	962	68		
J. Jones owes on a/c - -	25	00		
T. Johnson owes on a/c -	12	30	4226	38
Liabilities:—				
Bills payable - - - -	200	00		
A/cs payable - - - -				
W. R. Brock & Co. - - -	410	50		
Balance, P. N. Worth -	3615	88	4226	38

1. Open a new Ledger, allowing two clear spaces for each a/c.
2. Carry forward these balances to the new a/cs, dating July 1, 190—.
3. Prove the new Ledger is now in balance.
4. Are the losses and gains for June carried forward in the July Ledger? Explain.

EXERCISE XXXII.

The following Trial Balance was taken from my Ledger on Dec. 31, 190—. The books had not been closed since Jan. 1, preceding. Open the Ledger a/cs. showing the proper balances in each. Record the following unposted inventories and close the representative a/cs into Capital A/c.

Dec. 31:—Goods on hand valued at \$2,000.

Office furniture valued at cost less 10% depreciation for the year.

NOTE.—Allow three spaces of ledger ruling for each a/c.

TRIAL BALANCE, DEC. 31, 190—.

NAMES OF A/CS.	DEBITS.		CREDITS.	
Stock - - - - -	880	00	5000	00
Bills Rec. - - - - -	1500	00	1000	00
Cash - - - - -	5795	60	4800	00
Merchandise - - - - -	4500	00	3750	40
Bills Pay. - - - - -	1500	00	1800	00
Jno. Millar - - - - -	300	00	200	00
Peter Stewart - - - - -	4200	00	1700	00
Robt. Pearson - - - - -			385	00
Chas. Russell - - - - -			473	00
Office Furniture - - - -	300	00		
Expense - - - - -	132	80		
	19108	40	19108	40

1. The debit in Capital A/c indicates that the proprietor has withdrawn a salary allowance during the year of \$880.

NOTE.—These withdrawals are usually entered in the proprietor's Private A/c, and transferred from there to his Capital A/c at the close of the financial year.

2. The customary method of valuing Office Furniture, Vehicles, Fixtures, Plant and Machinery, is by writing off at the end of each financial year a depreciation of a certain percentage of the value according to the estimated time during which the articles will render efficient service.

The following statements were made in detail from the ledger a/cs. in the preceding Trial Balance.—

I.—Detailed Statement of Assets and Liabilities, Dec. 31, 190—.

		ASSETS.		LIABILITIES.	
Resources:— Bills Rec.	Others' notes received - - - - -	\$1500	00		
	Others' notes disposed of - - - - -	1000	00		
	Balance on hand - - - - -	500	00		
Cash.	Amount received - - - - -	\$5795	60		
	Amount paid - - - - -	4800	00		
	Balance on hand - - - - -	995	60		
Mdse.	Amount on hand (stocktaking) - - - - -	2000	00		
	Amount he received from us on a/c - - - - -	\$300	00		
	Amount he gave us on a/c - - - - -	200	00		
Jno. Millar.	Balance due us - - - - -	100	00		
	Amount he received from us on a/c - - - - -	\$4200	00		
	Amount he gave us on a/c - - - - -	1700	00		
Peter Stewart.	Balance due us - - - - -	2500	00		
	Value on hand Jan. 1 - - - - -	\$300	00		
	10% depreciation during year - - - - -	30	00		
Office Furniture.	Present Value Dec. 31 - - - - -	270	00		
	Our notes issued - - - - -	\$1800	00		
	Our notes redeemed - - - - -	1500	00		
Liabilities:— Bills Pay.	Outstanding or unpaid - - - - -	300	00		
	Amount he gave us on a/c - - - - -	\$385	00		
	Amount received from us on a/c - - - - -	—	—		
Robt. Pearson.	Balance due him - - - - -	385	00		
	Amount he gave us on a/c - - - - -	\$473	00		
	Amount he received from us on a/c - - - - -	—	—		
Chas. Russell.	Balance due him - - - - -	473	00		
	Present Net Worth—i.e., excess of Assets over Liabilities			5207	60
		6365	60	6365	60

Proof of Accuracy. Summary of Capital A/c at closing, Dec. 31, 190—.

Capital.	Credits:—Jan. 1 ; Investments - - - - -	\$5000	00	<p>This Summary shows how the financial standing of any business may be ascertained by obtaining the profits from the various trading a/cs, and the losses from the various departments of Expense, and transferring the net result to the Capital A/c.</p> <p>TO THE TEACHER.—Profitable exercises for one-hour Review Lessons may be given the pupils in ascertaining the financial standing at the end of May, June, July, or August in this way, without recording any of the Real a/cs.</p>
	Debits:—Dec. 31 ; Withdrawals - - - - -	880	00	
	Net Investment - - - - -	\$4120	00	
	Credit, Dec. 31 ; Net Gain - - - - -	1087	60	
	Debit balance ; Present Net Worth - - - - -	\$5207	60	

II.—Detailed Statement of Losses and Gains. Dec. 31, 190—.

		LOSSES.		GAINS.	
Mdse.	Proceeds - - - - - \$3750 40 Goods on hand Dec. 31 - - - - - 2000 00 Total credits - - - - - \$5750 40 Cost - - - - - 4500 00 Gain - - - - - \$1250 40			1250	40
Office Furniture.	Value Jan. 1, 190— - - - - 300 00 10% depreciation. Loss - - - - - 30 00	30	00		
Expense.	Outlays. Loss - - - - - - - - Net Gain —i.e., excess of Gains over Losses 1087 60	132	80		
		1087	60		
		1250	40	1250	40

The following Trial Balance was taken from my Ledger on June 30, 190—. My books had not been closed since Jan. 1, preceding. Open the ledger a/cs showing the proper balances in each. Record the following unposted inventories and close the representative a/cs into Capital A/c.

NOTE.—Allow three spaces of ledger ruling for each a/c.

TRIAL BALANCE, JUNE 30, 190—.

NAMES OF A CS.	DEBITS.		CREDITS.	
Capital - - - - -	600	00	5600	00
Cash - - - - -	5759	00	5700	00
Bank - - - - -	5000	50	3560	00
Mdse. - - - - -	13720	25	12110	70
Bills Pay. - - - - -	2500	00	3000	00
Real Estate - - - - -	4000	00	2500	00
Wm. Seath - - - - -	175	00		
J. Parkinson - - - - -			300	00
Jas. Makins - - - - -	1290	00	490	00
J. W. Thompson - - - - -	700	00	1200	00
Stable, i.e., horses \$150; harness \$50; vehicles \$140; utensils \$10 - -	350	00		
Office Furniture - - - - -	150	00		
Expense - - - - -	215	95		
	34460	70	34460	70

Inventories, June 30, 190.—

Goods on hand valued at - - - - - \$3260 00
 Real Estate on hand valued at - - - - - 2500 00
 Stable :—

Horses valued at - - - - - 175 00
 Harness valued at cost less 10% depreciation
 Vehicles valued at cost less 20% "
 Utensils valued at cost.
 Office Furniture valued at cost less 10% depreciation

1. Make a Detailed Statement of Assets and Liabilities June 30, 190—.
2. Make a Detailed Statement of Losses and Gains June 30, 190—.
3. Make a Summary of Capital A/c, June 30, 190—.
4. Make detailed statements similar to the above from Trial Balance, Exercise xxix.
5. Make similar statements from Trial Balance, Exercise xxx.

SET 4.

Sept. 1, 190—. (Student's Name) has to-day engaged with W. M. Worthy, Grocer and Butcher, 408-410 Picton St., London, as clerk in the meat department. According to the agreement he is to receive a weekly salary of \$3.50 until he is able to do the cutting, when he will receive \$5.00 and have inside work only. In the meantime he is required to take orders in the afternoon and deliver the goods the following forenoon. He must enter the orders in the Order Book, check the same when delivery is made, and write out a bill to accompany each order. Before leaving at night he must post to customers' a/cs all charged orders for the day, write up and balance the Cash Book and place the cash in the safe. Amount on hand Sept. 1, \$46.50.

The majority of the customers pay cash. The others pay on 1st and 15th of each month, when a/cs are to be made out and presented. Mr. Worthy does the buying, paying cash for all purchases from wholesale butchers.

BOOKS USED: ORDER BOOK, CASH BOOK, AND LEDGER.

ORDERS CHARGED.

— Sept. 1. —

J. W. Dickson, Pall Mall,
1 Beef Tongue, 25c.
3 lbs. Chuck Roast @ 10c.

Jno. Brown, Regina St.,
3 lbs. Rib Roast @ 12c.
1 Veal Shank, 7c.

M. Mott, Pall Mall,
3 lbs. Fillet @ 12½c.
2 lbs. Lard @ 12½c.

J. Christie, Water St.,
5 lbs. Leg of Lamb @ 12½c.

T. Knott, Waterloo St.,
2 lbs. Veal Cutlet @ 15c.
1 Veal Shank, 5c.

D. A. Nobbs, Oxford St.,
1 Beef Tongue, 20c.
2 lbs. Lard @ 12½c.
1 lb. Sirloin Steak, 15c.

S. A. Jones, Picton St.,
2 lbs. Rib Roast @ 12½c.
1 Pickled Tongue, 30c.

C. Clark, Pall Mall,
1½ lbs. Beef Kidney @ 6c
2 lbs. Lard @ 12½c.
Cash Sales, \$16.80.

— Sept. 2. —

Thos. Walls, Colborne St.,
3 lbs. Pork Roast @ 12½c.
1 lb. Mutton Chops, 10c.

H. Hammond, Regina St.,
3 lbs. Leg of Lamb @ 12½c.

Jno. Brown,
1 lb. Sausage, 10c.

J. Christie,
1 pr. Ducks, 70c.

H. Pratt, Pall Mall,
2 lbs. Veal Cutlet @ 15c.

S. A. Jones,
2 lbs. Sausage @ 10c.

C. Clark,
2 lbs. Sausage @ 10c.
Cash Sales, \$12.30.

— Sept. 3. —

J. W. Dickson,
4 lbs. Brisket @ 7c.

Jno. Brown,
2 lbs. Neck of Lamb @ 8c.

H. Pratt,
1½ lbs. Sirloin Steak @ 15c.

T. Knott,
5 lbs. Rump Roast @ 8c.

M. Mott,
5 lbs. Flank @ 5c.

H. Hammond,
2 lbs. Rib Roast @ 12c.
Cash Sales, \$16.05.

— Sept. 4. —

C. Clark,
2 lbs. Corned Beef @ 9c.

S. A. Jones,
1 lb. Suet, 10c.
1 lb. Round Steak, 12c.

J. Christie,
4 lbs. Rib Roast @ 12½c.

Thos. Walls,
2 lbs. Veal Roast @ 12½c.

D. A. Nobbs,
1 Chicken, 35c.
Cash Sales, \$10.65.

— Sept. 5. —

Jno. Brown,
3 lbs. Brisket @ 7c.

M. Mott,
2 lbs. Beef Kidney @ 7c.

T. Knott,
3 Veal Shanks, 25c.

S. A. Jones,
2 lbs. Round Steak @ 12c.

H. Pratt,
1 Pickled Tongue, 35c.
2 lbs. Lard @ 12½c.

J. W. Dickson,
2½ lbs. P. H. Steak @ 12½c.
Cash Sales, \$14.75.

— Sept. 6. —

J. Christie,
3 lbs. Chuck Roast @ 10c.

D. A. Nobbs,
2 Veal Shanks @ 10c.
1 Beef Shank, 15c.

C. Clark,
3 lbs. Flank @ 5c.
1 lb. Sausage, 10c.

Thos. Walls,
3 lbs. Sausage, 25c.

H. Hammond,
1 pair Chickens, 45c.

H. Pratt,
1 Turkey, \$1.00.
Cash Sales, \$19.50.

— Sept. 8. —

J. W. Dickson,
2½ lbs. Ham @ 12c.
2 lbs. Lard @ 12½c.

Jno. Brown,
3 lbs. Sausage, 25c.

M. Mott,
3 Pigs' Hocks, 25c.
1 Calf's Head, 20c.

J. Christie,
1 Turkey, 90c.
1 Beef Tongue, 25c.

T. Knott,
1 lb. Round Steak, 12c.
3 lbs. Rib Roast @ 12½c.

ORDERS CHARGED—(continued).

D. A. Nobbs,
2 lbs. Pickled Pigs' Feet @ 8c.
1 Calf's Tongue, 6c.
Cash Sales, \$9.40.

— Sept. 9. —

S. A. Jones,
3 lbs. Beef Neck @ 6c.
1 lb. Sirloin Steak, 15c.

C. Clark,
3 lbs. Sausage, 25c.

Thos. Walls,
5 lbs. Leg of Lamb @ 15c.

H. Hammond,
2 lbs. Lamb Chops @ 12½c.
1 lb. Lard, 12½c.

Jno. Brown,
1 pr. Chickens, 65c.

J. Christie,
3 lbs. Sausage, 25c.

H. Pratt,
2 lbs. Beef Kidney @ 7c.
1 lb. Sausage, 10c.

Cash Sales, \$12.60.

— Sept. 10. —

J. W. Dickson,
5 lbs. Plate Roast @ 7c.
1 lb. Lard, 13c.

M. Mott,
2 lbs. Suet @ 10c.
2 lbs. Headcheese @ 10c.

T. Knott,
4 lbs. Leg of Lamb @ 15c.

D. A. Nobbs,
3 lbs. Rump Roast @ 9c.

S. A. Jones,
1 pr. Chickens, 60c.

C. Clark,
2 lbs. Sirloin Steak @ 15c.

Thos. Walls,
1 Beef Tongue, 25c.
3 lbs. Neck of Lamb @ 8c.

Cash Sales, \$14.50.

— Sept. 11. —

Jno. Brown,
2 lbs. Neck of Lamb @ 5c.
1 Beef Tongue, 25c.

J. Christie,
3 lbs. Shoulder of Lamb @ 8c.
1 Pickled Beef Tongue, 35c.

H. Hammond,
3½ lbs. Chuck Roast @ 10c.
1 lb. Corned Beef, 10c.

H. Pratt,
3 lbs. Rump Roast @ 9c.

C. Clark,
2 lbs. Round Steak @ 12c.
Cash Sales, \$8.70.

— Sept. 12. —

J. W. Dickson,
1 lb. Sirloin Steak, 15c.

M. Mott,
1 lb. Suet, 10c.
1 lb. Lard, 12c.

T. Nott,
3 lbs. Sausage, 25c.

D. A. Nobbs,
2 lbs. Round Steak @ 12c.

S. A. Jones,
6 lbs. Flank @ 5c.

Thos. Walls,
3 lbs. Breast of Lamb @ 8c.

H. Hammond,
2 lbs. Sirloin Steak @ 12½c.

Jno. Brown,
3 lbs. Pork Roast @ 12½c.
Cash Sales, \$2.30.

— Sept. 13. —

J. Christie,
4 lbs. Potted Meat @ 10c.

H. Pratt,
2 lbs. Mutton Chops @ 10c.

S. A. Jones,
3 lbs. Fillet @ 12½c.

C. Clark,
2 Veal Shanks @ 6c.

Jno. Brown,
2 lbs. Rib Roast @ 12c. (paid).
Cash Sales, \$20.10.

ORDER BOOK.

This book which records each day's sales in the order of their occurrence may appropriately be called the butcher's Day Book. All orders paid for at the time of delivery should be marked "**paid.**" Those not so marked will be debited to the a/cs of the persons named in the orders, and every order should be checked when delivery is made. Hence, in addition to being a Day Book record, the **Order Book** is also a **Journal** from which the posting may be made to the Ledger.

ORDER BOOK.

(Specimen Entries).

—September 1—			
These check marks were made when the goods were sent out and indicate that delivery was made. V PAID.	<i>J. W. Dickson,</i> 1 Beef Tongue 3 lbs. Ck. Roast @ 10c.		35 30
	13 <i>John Brown,</i> 2 lbs. Rib Roast @ 12c.		14

The last order marked "**paid**" is not to be posted to Jno. Brown's a c as it is included in the cash sales for the day, \$20.10, which will be recorded in the Cash Book. All such orders should, of course, appear in the Order Book and be marked "**paid.**" They are not given in the above list of sales in order to save space, but are included in the cash sales given for each day.

EXERCISE XXXIII.

1. Write out the Order Book, from Sept. 1, to Sept. 13, checking all orders as the goods are delivered.
2. Open Ledger a/cs, and post all orders not marked "paid."
3. Write out Bills to accompany J. W. Dickson's charged order of 1st, and J. Brown's cash order of 13th, as shown in the specimen Order Book above.
4. Write out a Statement of A/c for each customer, from the Ledger Sept. 15.

FORM OF BILL.

- (a) Accompanying charge order.
(b) Accompanying cash order.

STATEMENT OF A/C.

Rendered fortnightly or monthly.

(a)
408 PICTON ST.,
London, Ont., Sept. 1, 190-
Mr. Jno. Brown

Bought ... of **W. M. WORTHY,**
BUTCHER.

3 lbs. Roast Pork	
@ 12c.	36
(Chg.)	

408 PICTON ST.,
London, Ont., Sept. 14, 190-
Mr. Thos. Walls,
Colborne St.

Bought ... of **W. M. WORTHY,**
BUTCHER.

Sept. 2	3 lbs. Roast	38
" 2	1 lb. Mutton Chops	10
" 4	2 lbs. Roast	25
" 6	3 lbs. Sausage	25
" 9	5 lbs. Lamb	75
" 10	1 lb. Tongue	25
" 10	3 lbs. Lamb	24
" 12	3 lbs. Lamb	24
		2 46

(b)
408 PICTON ST.,
London, Ont., Sept. 13, 190-
Mr. Jno. Brown

Bought ... of **W. M. WORTHY,**
BUTCHER.

2 lbs. Rib Roast	
@ 12c.	24
(Paid.)	

Thomas Walls, Esq.,
Colborne St.,
London.

CASH BOOK.

In introducing the Cash Book to the pupil, the simplest form in use is here presented (see Form 1). Each entry is explanatory only, and the book is kept for the purpose of showing the sources of receipts and causes of payments, and shows when balanced, the amount of Cash on hand.

In writing the entries in this book, no words should be used which are unnecessary to a clear understanding of the transactions. In very many cases one or two words besides the introductory word "To" or "By" will sufficiently explain the transaction, for the column in which it is placed indicates whether the amount is a receipt or a payment, and the only explanation necessary is a word or words to indicate the source of the receipt or the cause of payment.

CASH BOOK.

(Form 1.) showing explanations only.

										Receipts.		Payments.	
Sept.	1	To Amt. on hand	-	-	-	-	-	-	-	46	50		
"	1	" Cash Sales	-	-	-	-	-	-	-	16	80		
"	2	" " "	-	-	-	-	-	-	-	12	30		
"	3	" " "	-	-	-	-	-	-	-	16	05		
"	4	" " "	-	-	-	-	-	-	-	10	65		
"	5	" " "	-	-	-	-	-	-	-	14	75		
"	6	" " "	-	-	-	-	-	-	-	19	50		
"	6	By Horse Feed, \$1.25 ; Repairs, \$1.25	-	-	-	-	-	-	-			2	50
"	6	" Horseshoeing, \$1.00	-	-	-	-	-	-	-			1	00
"	6	" Amt. paid Wholesale Dealer for Meat	-	-	-	-	-	-	-			75	00
"	6	" Amt. Clerk's Salary	-	-	-	-	-	-	-			3	50
"	6	" Balance on hand	-	-	-	-	-	-	-			54	55
										136	55	136	55
"	8	To Amt. on hand	-	-	-	-	-	-	-	54	55		

In the majority of business offices the Cash Book contains not merely a record of the cash receipts and payments, but serves as a Journal from which the posting is done directly to the Ledger. The ruling for this form of Cash Book, a specimen of which will be found below (see Form 2), is similar to that of a **Journal Day Book**, the name of the a/c's affected other than the Cash a/c being written in the left column, and explanatory words in the one to the right of it. In posting from this book, those a/c's affected by **receipts** will be **credited**, and those by **payments** will be **debited**, the page of the Ledger to which they are posted being indexed as in the Journal Day Book. The total cash receipts will be the sum of the debit column and may be posted in one sum to the debit of cash a/c at such times as the Cash Book is closed. Total payments may be posted in the same way. These amounts should always be journalized opposite the footings of the receipt and payment columns, from which the Cash a/c may be posted.

CASH BOOK.

(Form 2.) showing Journal entries.

Journal Entries.										Explanations.										I. F.	Receipts.		Payments.	
Sept.	1	To Balance on hand	-	-	-	-	-	-	-	Cash Sales	-	-	-	-	-	-	46	50						
"	1	" Mdse.	-	-	-	-	-	-	-	"	-	-	-	-	-	-	16	80						
"	2	" Mdse.	-	-	-	-	-	-	-	"	-	-	-	-	-	-	12	30						
"	3	" Mdse.	-	-	-	-	-	-	-	"	-	-	-	-	-	-	16	05						
"	4	" Mdse.	-	-	-	-	-	-	-	"	-	-	-	-	-	-	10	65						
"	5	" Mdse.	-	-	-	-	-	-	-	"	-	-	-	-	-	-	14	75						
"	6	" Mdse.	-	-	-	-	-	-	-	"	-	-	-	-	-	-	19	50						
"	6	By Expense	-	-	-	-	-	-	-	Feed, \$1.25 ; Repairs, \$1.25	-	-	-	-	-	-			2	50				
"	6	" Mdse.	-	-	-	-	-	-	-	Meat from Wholesale	-	-	-	-	-	-			75	00				
"	6	" Expense	-	-	-	-	-	-	-	Shoeing Horse, \$1.00 ; Clerk's Salary, \$3.50	-	-	-	-	-	-			4	50				
"	6	Cash Dr.	-	-	-	-	-	-	-	Total receipts	-	-	-	-	-	-	136	55						
"	6	Cash Cr.	-	-	-	-	-	-	-	Total payments	-	-	-	-	-	-			82	00				
"		Balance on hand	-	-	-	-	-	-	-		-	-	-	-	-	-			54	55				
																	136	55	136	55				
8		To Balance on hand	-	-	-	-	-	-	-		-	-	-	-	-	-	54	55						

EXERCISE XXXIV.

Write out a Cash book according to either of the above forms, balancing Sat., Sept. 6, and 13. Carry forward the balance on Monday 15th, and enter the following payments on a/c by customers that day:—Thos. Walls, Thos. Knott, S. A. Jones, H. Pratt, each, \$2. All other customers in full of a/c as per Ledger.

Cash Payments as follows:

Sept. 6

Horse feed for week, \$1.25.
Shoeing, \$1.00; Repairs, \$1.25.
Wholesale butcher for meat, \$75.
Clerk's salary for week, \$3.50.

Sept. 13

Wholesale butcher for meat, \$35.00
Gas bill (2 weeks), \$2.10.
Horse feed, \$1.00; Repairs, \$1.00.
Wages for week, \$3.50.

Results: Cash on hand Sept. 6, \$54.55; Sept. 13, \$79.55; Sept. 15, \$105.07.

EXERCISE XXXV.

Mr. Worthy wishes you to make out a financial statement, showing what the meat department is worth with a view to selling out.

1. What valuations would it be necessary for you to obtain in order to make such a statement?
2. Make these valuations with Mr. Worthy and enter in your Inventory Book as follows:

Fresh Meats—Beef, \$45 00; Lamb, \$21.00; Veal, \$15.00; Pork, \$20.00	- - -	\$101 00
Cured Meats—\$36.00; 10 pails lard at \$2.50, \$25.00	- - - - -	61 00
Stable—1 horse, \$80.00; harness, \$18.00; 2 waggons, \$85.00	- - - - -	183 00
Shop Fixtures—scales, blocks, saws, axes, etc.	- - - - -	75 00

3. Write out the required Statement of Assets and Liabilities from the different books. Mr. Worthy owes Jno. Dean, wholesale butcher, \$15 on a/c of meat, for which amount Mr. Dean holds an I. O. U.

Result: Present Net Worth of meat business, \$512.54.

EXERCISE XXXVI.

1. Has Mr. Worthy's ledger been in balance at any time while you have been in charge of the books? If not, why?
2. Have the books been kept according to the principle of double entry book-keeping?
State this principle and show wherein Mr. Worthy's ledger has not been in accordance therewith.
3. What values in connection with the meat business have not been recorded in some a/c in the ledger?
4. What a/cs will have to be opened in the Ledger now, in order to show all Assets and Liabilities in that book?

NOTE:—By referring to the last rule on page 15 it will be seen that the Statement of Assets and Liabilities made out for Mr. Worthy contains the answer to question No. 4.

EXERCISE XXXVII.

Mr. Worthy has decided not to sell out, but wishes you to arrange the books, so that they may be kept by the double entry system.

1. Using the Statement of Assets and Liabilities, prepared from the books, open an a/c in the Ledger for every Asset and Liability shown in the statement.

NOTE:—By referring to the last rule on page 15 it will be seen that all Assets must be carried to the debit side of their respective a/cs, and that Liabilities and the Net Worth must be carried to the credit side of their respective a/cs.

2. Carry forward the balances from your Statement to their respective a/cs, and prove your Ledger is now in balance by taking off a Trial Balance.

CONVENIENT FORM OF A/C WHERE LEDGER CONTAINS PERSONAL A/CS ONLY.

As entries in the a/cs of customers who pay only at considerable intervals are principally debits, as has been observed in Mr. Worthy's Ledger, it has been found by many retail merchants having a large number of such customers that the ledger ruling found below is much more convenient for recording the personal debits and credits.

The charges may be recorded much more concisely by recording several on one line and extending the totals only to the money column. The debits are added only when a payment is made, and when the credit for the payment is subtracted from the total debits, the balance is carried forward. (See J. W. Dickson's a/c below).

J. W. DICKSON.

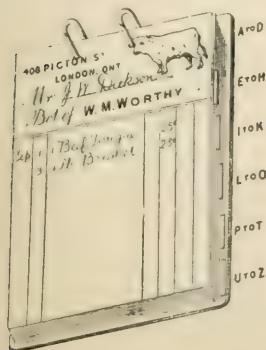
DATE.	PARTICULARS OF TRANSACTION.	DEBITS.	CREDITS.
Sept. 1	1 Beef Tongue, 25c; 3 lbs. Ck. Roast @ 10c., 30c. - - - - -	55	
" 3	4 lbs. Brisket @ 7c., 28c.; 5th, $2\frac{1}{2}$ P. H. Steak @ $12\frac{1}{2}$ c., 31c. - - - - -	59	
" 8	$2\frac{1}{2}$ lbs. Ham @ 12c., 30c.; 2 lbs. Lard @ $12\frac{1}{2}$ c., 25c. - - - - -	55	
" 10	5 lbs. Pl. Roast @ 7c., 35c.; 1 lb. Lard, 13c., 12th, 1 lb. Sur. Steak, 15 - - - - -	63	
		<hr/> 2	<hr/> 32
" 15	By Cash - - - - -	2	00
		<hr/> 2	<hr/> 00
" 16	To Balance from old a/c - - - - -		32

EXERCISE XXXVIII.

The student will now open Ledger a/cs for Mr. Worthy's credit customers in the Journal ruling of his exercise book, allowing $\frac{1}{4}$ page to each a/c, and post all entries from the Order Book from Sept. 1, to 15, according to the entries in J. W. Dickson's A/c given above. Rule double horizontal red ink lines across the money columns, and carry forward all balances where the a/cs were not settled in full on the 15th inst.

LOOSE-LEAF LEDGERS.

Many retail butchers who have a limited number of credit customers, dispense with the Order Book entirely and record all charge sales directly in the customers' ledger a/cs. The Ledger used consists of loose leaves with printed headings similar to those on the "Statements of A c" on page 42. On each leaf is written the name of the customer whose a/c is to be recorded thereon, and all are arranged in alphabetical order, on some sort of file, so that any a/c may readily be referred to. For every charge sale an entry is made direct to the sheet bearing the purchaser's name. This method obviates the necessity of a double record in the Order Book and Ledger, and also of writing a Statement of A c for the customer from the ledger. Whenever a customer settles his a/c in full, the credit entry is made, the sheet taken off the file and handed to the customer as his receipt for payment. If partial payment only is made, the credit is subtracted from the total debits at that date, and the balance carried forward, the sheet being retained on file until the a/c is settled in full.



NOTE TO TEACHER.—If the pupils take the remaining Statements of A/c for this business from the Book of Business Forms and arrange them on any simply-constructed file, they will have a practical illustration of the advantage gained and labor saved in using such a Loose-Leaf Ledger as is described in the preceding paragraph. Sheets of heavy blank paper wider than the ledger leaves should be inserted between them so as to divide the Ledger into not less than 15 groups (26 if possible). The projecting edges to the right and left may then be marked with the letters of the alphabet so as to form a Ledger Index. The a/cs may then be opened in their proper alphabetical order for ready reference when posting.

SALES BOOK.

In large retail stores doing a strictly cash business, the sales are recorded in the cashier's office, the clerks being required to send a duplicate of every customer's bill to the cashier's office along with the cash. These bills are checked by the cashier, with the cash accompanying them, and then filed. At the close of each business day, the amount of sales for the day is ascertained by finding the total of the bills on file, which should agree with the cash in the till after allowing for any payments made therefrom during the day.

Where sales are made on credit and on note, as well as for cash, especially in wholesale houses, each clerk is furnished with a Sales Book, in which to record his sales for the day (except cash sales, which are always recorded in the Cash Book). These Sales Books are passed into the office at night, so that the book-keeper may transfer the record to the regular office books.

By examining the Specimen Sales Book below, it will be seen that the record of each sale is a journal entry, as follows:—"Purchaser Dr. To Mdse." (*i.e.*, to the itemized goods). These debits may be posted directly from this book to the Purchaser's a/c in the Ledger, and the total sales for any period of time credited to the "Mdse. a/c" in one sum.

The student will use the Sales Book as a Journal in all the subsequent work of this book, and sales recorded therein will be posted therefrom, and will not appear in the regular Journal.

SPECIMEN SALES BOOK.

London, May 1, 190—.

								L. F.			
May	1	<i>A. Davis—</i>									
		10 lbs. Butter	-	-	-	-	-	2	00		
		4 boxes Sodas	-	-	-	-	-	2	00		
		5 lbs. Tea	-	-	-	-	-	2	00		
		50 lbs. Sugar	-	-	-	-	-	2	50	8	50
"	3	<i>J. Jones—</i>									
		30 lb. Crock Butter	-	-	-	-	-	6	00		
		1 bag Potatoes	-	-	-	-	-	1	00		
		Gran. Sugar	-	-	-	-	-	2	50		
		Coffee Sugar	-	-	-	-	-	1	00	10	50
"	4	<i>J. Jones—</i>									
		1 doz. Canned Corn	-	-	-	-	-	1	00		
		2 bags Potatoes	-	-	-	-	-	2	10		
		10 lbs. Butter	-	-	-	-	-	2	10	5	20
"	14	<i>A. Davis—</i>									
		1 bbl. Sugar	-	-	-	-	-			12	40
"	19	<i>C. Cullis—</i>									
		1 bbl. Gran. Sugar	-	-	-	-	-	14	50		
		10 lbs. Tea	-	-	-	-	-	4	00		
		$\frac{1}{2}$ bbl. Golden Syrup	-	-	-	-	-	6	00	24	50
		Note—20/5/190—. 3 mos.									
"	22	<i>Mdse. Cr. Total Sales for May</i>								61	10

EXERCISE XXXIX.

1. Turn to the Journal ruling of your Commercial Blank Book and **open a Sales Book and Cash Book of 3 pages each**, writing the title on the headline of each page.

2. Rewrite the specimen Sales Book for May, followed by those for June, July and August, separating one month's record from that of the next by a blank space and double horizontal lines drawn across the page. Write the name of the month once only in the date column, at the top of each Sales Book.

3. As each sale is posted separately from this book to the debit of the purchaser's a/c, and the total monthly sales are posted to the credit of Mdse. a/c in one sum, write "**Sundries Dr. To Mdse.**" (total sales) opposite the totals for each set. (See Specimen Sales Book for May.)

Results: —May 22, Mdse. Cr. (total sales)	-	-	-	-	-	-	-	\$	61.10.
June 15, " "	-	-	-	-	-	-	-		69.25.
July 14, " "	-	-	-	-	-	-	-		237.00.
Aug. 17, " "	-	-	-	-	-	-	-		1,231.20.

EXERCISE XL.

Write a Cash Book according to Form 2, p. 43, for May, June, July and Aug., separating each month's record from the following one by a blank space and double line as in the preceding exercise.

Results: —May 22, Cash on hand	-	-	-	-	-	-	-	\$	115.55.
June 15, " " "	-	-	-	-	-	-	-		685.70.
July 14, " " "	-	-	-	-	-	-	-		521.20.
Aug. 17, " " "	-	-	-	-	-	-	-		179.80.

EXERCISE XLI.

Beginning with the May Sales Book, find where the first sale was posted to A. Davis' a/c from the May Journal. Write the number of the Ledger page on which his a/c is found, in the index column of the Sales Book, opposite J. Davis' name. At the same time turn to your Journal, from which the posting was done, and **write in red ink in the date column, opposite the entry for this sale the initials "S. B."** to indicate that this entry could have been posted from the Sales Book. When all entries in the Sales Book are thus indexed, and the corresponding Journal entries marked as indicated above, **it can readily be seen how many entries might have been omitted from the regular Journal, had the Sales Book been used in the records of Sets 1, 2 and 3.**

EXERCISE XLII.

Beginning with the May Cash Book, find where the first receipt was posted to the credit of Capital a/c. Write the number of the ledger page on which the a/c is found, in the index column of the Cash Book opposite the amount \$500. At the same time turn to your Journal from which the posting was done and **write in red ink in the date column opposite this entry the initials "C. B."** to indicate that this entry could have been posted from the Cash Book. When all Cash Book entries are thus indexed, and the corresponding entries in the Journal marked "C. B.," **it can readily be seen how many entries might have been omitted from the regular Journal, had the Cash Book been used in the records of Sets 1, 2 and 3.**

CHAPTER IV.

PROMISSORY NOTES AND CONTRACTS.

A promissory note is a written contract to pay a certain sum of money, according to the terms expressed therein. Promissory notes, as stated in Chapter I when introducing the a/cs recording them, play a very important part in the transaction of business in many retail and in nearly all wholesale and manufacturing establishments. The Bills of Exchange Act, "Statutes of Canada," governing their usage, is largely based on the law of contracts which, indeed, is the basis of all our commercial usage and business law from the business of the railway king to that of the humblest servant in his employ. The writing, issuing, receiving, and collection of promissory notes should therefore be studied in accordance with the above mentioned act. Before taking up the leading facts in connection with the form and usage of notes, and the method of recording them in actual business, it may be well to devote some attention to the subject of contracts.

PRINCIPLES OF CONTRACTS.

BASIS OF THE BILLS OF EXCHANGE ACT.

A contract is an agreement between two or more persons to do, or not to do, some particular thing for a consideration and is enforceable by law.

There must be at least two parties to every contract, and if either party has fulfilled, or is ready to fulfil his part of the contract, he may claim the aid of the law in forcing the other party to fulfil his part; provided the contract were not void or illegal from the beginning.

A void or illegal contract is one which from the beginning is not enforceable by law, and has no legal effect, except in so far as a party to it may incur a penalty.

A Contract is void when

1. Its terms are impossible or contradictory.

EXAMPLE :—(a) A agrees with B for a consideration to move his house and lot from one block or street to another. A may receive the consideration, but B cannot enforce the performance of the impossible terms.

2. Its terms are fraudulent, contrary to justice, or common morality.

EXAMPLES :—(b) G sells a horse to H while H is intoxicated, and unfit to transact business, taking in payment his promissory note for an amount greater than the value of the horse. The note cannot be collected.

- (c) K agrees with L for a consideration of \$50 to buy and smuggle into Canada for him \$1,000 worth of diamonds. L may pay K the consideration and give him the purchase price of the diamonds, but cannot force him to do the smuggling.

- (d) M agrees with N for a consideration of \$5 a day to run a pleasure boat in Ontario waters on Sundays. N may pay the consideration but cannot force M to desecrate the Sabbath.

- (e) P agrees with Q for a consideration of \$10 to vote for X at an election. The contract has no legal effect, except that Q is liable to a penalty for bribery.

A Contract is valid and enforceable by law when

1. It is legal.
2. It is possible.
3. It is assented to by both parties.
4. Both are competent parties.
5. There is no fraud in connection with it.
6. There is a consideration expressed.

In certain cases, however, a contract, to be valid and enforceable by law, must be in writing and under seal. (See next section.)

HOW CONTRACTS ARE MADE.

Contracts may be Classified under three heads:—

Oral, Written, and Sealed.

It is always preferable to have contracts involving details which may be forgotten or misunderstood, made in writing, especially when the contract is not to be executed for some time.

Oral contracts, however, are enforceable by law under certain conditions.

Oral Contracts Hold

- (1) Where the amount does not exceed \$40.
- (2) When the time for fulfilment of contract does not exceed one year.
- (3) Where the amount involved exceeds \$40, and the time exceeds one year, *if* a partial payment (earnest money), or partial delivery is made to bind the bargain.

NOTE.—Oral contracts are totally valueless in transactions involving Real Estate, or where one party becomes surety for another.

Written Contracts made by persons in ordinary business letters are just as binding as those written in regular legal form and signed by the contracting parties.

It will be evident to the thoughtful student that, in discussing any business proposition, he should be very careful what statements or promises he makes by letter, as he may thereby bind himself in some undesirable contract. He should always make it a point to keep a copy of all business letters, and cannot too soon introduce the use of the letter book in his business correspondence.

Written Contracts are frequently put in legal phraseology, prescribed by statute, and contain the whole contract as to what is to be done or not done, and the consideration therefor. (See Form of Agreement between Teacher and Trustees in Appendix to Public Schools Act, R. S. O.).

Sealed Contracts are those in writing signed and sealed by the contracting parties. They are generally called "Deed Contracts" or "Deeds." Hence a deed is not merely the contract involving a transfer of land, or the title to a farm, but any contract having the seals of the contracting parties affixed to their signatures. They are binding without a consideration being expressed, the seal being regarded as the consideration, though usually such contracts have the consideration expressed with the other terms thereof.

The following Contracts to be valid should always be in writing:—

- (1) Where an executor or administrator promises those whose property he is managing, to answer for damages or loss out of his own estate.
- (2) Where one party guarantees a second party against default or miscarriage of another, or becomes surety for another.
- (3) Where marriage is the consideration of the performance of some act. (Not where a mere promise of the marriage is made).
- (4) Where Real Estate is involved.
- (5) Where the amount involved exceeds \$40, and no earnest money is paid, or partial delivery made.
- (6) Where the time for fulfilment exceeds one year, and no partial execution is made as stated in (5).

THE CONSIDERATION.

There must be a 'valuable consideration' to support every contract. The consideration is the price paid for doing or not doing the specified act or acts, and where none is expressed, even though a promise is made in writing, the law will not aid in enforcing fulfilment of the promise, or performance of specified acts. It is owing to this feature of contracts that the relic "Value Received" is usually found in the body of a promissory note, though its value and significance have almost disappeared as a result of commercial usage.

PROMISSORY NOTE.

LEGAL DEFINITION (copied from Bills of Exchange Act).

A Promissory Note is an unconditional promise in writing, made by one person to another, signed by the maker, engaging to pay on demand, or at a fixed or determinable future time, a certain sum in money to, or to the order of, a specified person, or to bearer.

It will thus be seen that the legal requirements of a promissory note are as follows:—

- (1) There must be an unconditional promise to pay.

EXAMPLE:—A promise to pay on condition that the market price of wheat is \$1.00 or over on a specified day does not constitute a legal promissory note, the promise not being unconditional.

- (2) The promise must be for the payment of money, and the sum must be specified.

EXAMPLE:—A promise to deliver on a specified day a certain quantity of wheat or other produce does not constitute a legal promissory note. Such a promise is called a Chattel Note, and is subject to provincial law relating to property. (See R.S.O.—1897, p. 1516, chap. 153; 1901, chap. 12; 1902, chap. 21.)

- (3) The date of payment must be sure to arrive, that is at a fixed or determinable future time.

NOTES:—(a) A fixed future time means a certain number of days after date.

(b) A determinable future time means a certain number of days after the occurrence of some event which is sure to happen.

(c) The payment of a promissory note made payable on a contingency could not be enforced by law.

EXAMPLES:—A promise to pay \$1,000 ten days after the accession of the Prince of Wales to the throne of England would not be a legal promissory note, as the date of maturity would be an indeterminable time, depending on a contingency, the accession of the Prince of Wales to the throne being an uncertainty.

A promise to pay \$1,000 ten days after the death of the reigning Sovereign of England would be a legal promissory note, as the date of maturity would be a determinable time, the death of the Sovereign being a certainty.

FORM 1 (SINGLE MAKER)

\$24.60	DUE.....	NO.....
<i>Markham, July 2, 190.....</i>		
<i>Three months after date, I promise to pay</i>		
(Student's Name here.).....		
.....or bearer,		
<i>at The Standard Bank of Canada,.....here,</i>		
<i>Twenty-four and</i> ⁶⁰ / ₁₀₀ <i>Dollars.</i>		
<i>Value received.</i>		
<i>A. B. Reesor.</i>		

FORM 2 (JOINT MAKERS)

\$120.00	DUE.....	NO.....
<i>Paris, July 3, 190.....</i>		
<i>Two months after date we promise to pay</i>		
(Student's Name here.).....		
.....or Order,		
<i>One Hundred and Twenty</i> ^{xx} / ₁₀₀ <i>Dollars.</i>		
<i>at the Commercial Bank of Canada,.....here.</i>		
<i>Value received.</i>		
<i>J. H. Armstrong.</i>		
<i>J. E. Steele.</i>		

The Parties to a Note may be,

- (1) The maker.
- (2) The payee.
- (3) The holder.
- (4) A holder in due course.
- (5) An indorser.
- (6) An indorsee.

The Record of a Note may Include,

- (1) The issue.
- (2) The negotiation.
- (3) The discounting.
- (4) The dishonor.
- (5) The protest.
- (6) The discharge.

The **maker** is the party who signs it, thus contracting to pay according to the tenor of the note. The **payee** is the party in whose favor it is drawn, and is the first **holder**. The **holder** is the payee named in the body of the note, or any subsequent party having the same right to collect. A **holder in due course** is any party, who in good faith and without notice of fraud or defective title, becomes the holder of the note before maturity, paying value therefor. The law regards as valid the title to a promissory note obtained under the above conditions, and will assist the holder in the collection thereof, notwithstanding any counter-claims the maker may set up against the original payee. An **indorser** is any party other than the maker, who writes his name on the front or back (usually on the back) of the note. The **indorsee** is the party in whose favor the note is indorsed.

MAKER'S AND INDORSER'S CONTRACTS.

The **Maker**, by signing a note, contracts with the payee or subsequent holder to pay the money according to the terms thereof. He is primarily liable and is called the **principal debtor**.

The **Indorser**, by indorsing a note, contracts with subsequent holders that the maker and all indorsers prior to himself are able to pay, and will pay the money at maturity according to the terms expressed; and that if the maker and prior indorsers do not pay, he (the indorser) will.

It is important to notice that the indorser's contract, or guarantee of payment extends only to the day of maturity. He does not contract to pay at some indefinite future time, in case the maker does not do so, but to pay at maturity in case the maker does not pay on that day. If no notice of non-payment is given to the indorser, at the date of maturity, he is discharged from his guarantee as though the note had been paid. Hence, it is very important that, in any case where a note having an indorser on it is not paid on the day of maturity, the indorser should be notified of the non-payment not later than the next business day, in order to hold him liable for payment. See Bills of Exchange Act 1890, Sec. 49.

(1) ISSUE.

Dating. A note may be dated earlier than (ante-dated) or later than (post-dated) the date of signature, in order to change the date of maturity. If inadvertently dated on a Sunday, a note is not thereby void, provided the note or the contract on which it is based is not made on Sunday.

Due Dating. When a bill payable is issued, or a bill receivable is received, the due date should be reckoned and marked on the face of the note, and from there entered in the Bill Book, with other particulars for future reference.

Days of Grace. A note nominally falls due on the last day of the time stated in the body of the note, but legally on the third day after, three days of grace being a customary and legal addition to the time stated.

When the third day of grace falls on a Sunday or a legal holiday (non-juridical day), the note is payable on the next juridical day.

Notes payable on demand are not subject to any days of grace, but are due and payable on presentation.

Time.—How Computed. When the time is expressed in months, calendar months are used, and the time is computed from the given day of the month stated in the dating of the note, to the same day of the following months; but when the time is expressed in days the actual number of days must be counted, exclusive of the date of note.

(2) NEGOTIATION.

Negotiating a note means transferring the ownership and right of collection from one holder to another. A note made payable to bearer is negotiated by delivery only. One payable to order is negotiated by the holder endorsing and then delivering it to the next holder.

The commonest example of negotiable paper is a Dominion Note, or Bank Bill, which is always made payable to bearer, and is therefore negotiable by delivery only.

(3) DISCOUNTING AT THE BANK.

Discounting a note at the bank indicates the transferring of it to the bank as security for money borrowed thereon. The amount that a bank will advance or lend on a note to be discounted is the face value less the interest at the current rate (bank discount) on the face value for the time the note has still to run, including the days of grace. This bank discount is the interest paid by the borrower for the use of the money borrowed, called the proceeds of the note, and is always paid in advance.

Many business men discount their customers' notes at their banking place, and have the proceeds placed to their credit in the bank, in order to be able to meet their own bills and notes when they mature. Others who can meet their obligations without borrowing, place their notes with the bank for collection, thus saving the discounts. The bank, however, charges a small fee for collection. Should the bank have a branch in the place where the collection is to be made, the charge will usually be 15 cents, but should it have to ask a different bank there to collect for it, there will be a double charge for collection, usually 25 cents.

Manufacturers of agricultural implements, organs, pianos, sewing machines, etc., usually sell their goods on **lien notes*. The lien clause in these notes takes them out of the negotiable category, and prevents the original payee from transferring to another his right and title to payment, free from counter-claims which the maker may set up against him.

For this reason banks do not care to discount lien notes, on the security of the payee's indorsement only, as their title and right to collection might not be indisputable. Usually the bank will advance a certain percentage of the face value of these notes to the holder, but will require him to sign a new note payable to the bank for the amount advanced, and to indorse the lien notes to the bank, which it holds as additional or collateral security for the payment of this note.

(4) DISHONOR.

A note is dishonored by the maker failing to pay. Before a note can be considered dishonored the holder on the day of maturity must present it for payment at the place named in the body of the note. If it is not so presented on the day of maturity, the indorsers are released from their contract. See Bills of Exchange Act 1890, Sec. 45, 46.

(5) PROTEST.

A note is protested when legal notice of dishonor is served on indorsers, for the purpose of holding them on their contract. This notice should be mailed to all parties concerned, not later than the next business day after the maturity of the note. If, however, on this day the indorser be notified in some other way he can still be held, even if the formal protest be not made. See Bills of Exchange Act 1890, Sec. 49 (4).

(6) DISCHARGE.

A note is discharged when it is redeemed by the maker or some person in his behalf. A note when discharged should have the word "paid" marked across the face by the party receiving the money, and should be delivered to the person discharging it.

* See next page.

KINDS OF NOTE.

1. **Negotiable by delivery only** - - - - - Payable to bearer (see Form 1).
2. **Negotiable by indorsement and delivery** - Payable to order.
Cancel "bearer" and write "order" (Form 1).
3. **Non-Negotiable** - - - - - Payable to payee only.
Cancel "or bearer" and write "only" (Form 1).
4. **Joint** - - - - - Signed by two or more makers, each contracting to
pay an equal share (Form 2).
5. **Joint and several** - - - - - Signed by two or more makers, each contracting to
pay an equal share, or the whole amount if the
others do not pay.
Write "jointly and severally" after we (Form 2).
6. **Chattel note** (seldom used) - - - - - Payable in goods instead of money.
7. **Marksman's note** - - - - - Marked by one who cannot write his name.

(Form 1). *his*
A. Jones, *A. B. X Reesor.*
Witness. *mark.*

NOTE.—A Marksman's note should be carefully read and explained to the maker in the presence of the witness, so that he could prove that the maker understood the terms of the contract. If the witness does not add the word "witness" to his signature, he becomes equally responsible for payment with the maker.

8. **Lien note.**—Containing a lien clause which gives to the payee a claim on the article for which the note is given, until the note or any renewal of it is fully paid. This clause not only makes the note non-negotiable and prevents the maker from disposing of the property for which it is given, but gives the payee the right to regain possession of the article if the note is not paid at maturity. (For particulars regarding Liens, see R.S.O. 1897, Chap. 153.)

9. **Accommodation note** is one where the accommodating party lends his name as payee, and thereby becomes indorser, so that the accommodated party, the maker, may borrow money on the financial standing of the indorser.

NOTE.—Banks make it a rule not to lend money on notes except those having the names of at least two responsible parties. Hence, to borrow money on note from the bank the borrower must find a party willing to become his security, or, in other words, to sign an accommodation note for him.

INDORSEMENT.

The title to commercial paper made payable to "bearer" is vested in the holder, and when he *delivers* it to another his title passes to the next holder without any further act on his part. Not so with paper made payable to "order," in which case the holder must endorse it, *i.e.*, write his name on the back of it, in order to pass his title to the next holder.

The object of indorsing such paper is two-fold:—

1. To pass the title to the next holder or holders.
2. To guarantee the subsequent holder or holders that the title is good, and that should the principal debtor fail to pay, the indorser will become responsible.

Each indorser of a promissory note guarantees that the maker and all indorsers prior to himself are able to, and will pay the amount at maturity, and if they fail, he, the indorser, will pay according to the terms expressed therein. Should the maker of a note fail to pay at maturity, the holder may sue and collect from any one of the indorsers who may be worth the amount, and any indorser who may have to pay the amount has recourse against (*i.e.*, has the right to sue and collect from) the maker and any one of the prior but not subsequent indorsers.

An indorsement may be made in various ways, each having a particular effect on the note or indorser.

1. Blank.

2. Full.

3. Qualified

Payee's Name.

Pay to J. Jones, or order.

Payee's Name.

Without Recourse.

Payee's Name.

KIND OF INDORSEMENT.

EFFECT.

1. Blank Makes it payable to any holder who may then transfer without indorsing, as if it were payable to bearer.
2. Full Requires the indorsee, J. Jones, to indorse before he can transfer.
3. Qualified Has the same effect as Blank, but releases the indorser from liability to pay.
4. Full qualified Has the same effect as Full, but releases the indorser.
5. Restrictive Restricts the title to J. Jones, who cannot give a good title to another as long as the maker has a claim against him.
6. For partial payment Acknowledges a partial discharge and acts as a receipt.
7. For deposit Directs the bank not to pay to bearer, but to deposit proceeds to the account of the indorser.
8. When a note is indorsed to a bank for collection, the indorser should use form 8.
9. When the bank to which the note is given for collection has no branch at the place where the collection is to be made, and requires some other bank there to collect for it, form 9 should be used.

Accommodation versus Customer's Notes.

10. When a business man indorses a customer's note and discounts it or obtains for it a loan from the bank, he of course becomes liable to the bank for payment. In doing this he assumes no new liability. Should he have to pay the note at maturity he is merely paying back borrowed money and will have the same right to collect the amount from the customer as he had before.

Such is not the case with an accommodation note. When a man lends his name as payee or indorses a note to raise money to accommodate another person, he assumes a liability that had no existence before, and for which he has received no value. Should the maker not be able to pay at maturity the indorser must pay the note.

Many men are ruined every year by indorsing accommodation notes, and it is a good rule never to discount any but your own customers' notes, nor to lend your name as payee when no value has been received.

4. Full Qualified.

Pay to J. Jones, or order, without recourse.

Payee's Name.

5. Restrictive.

Pay to J. Jones only.

Payee's Name.

6. Partial Payment.

Received payment on within note \$—

Payee's Name.

For deposit only.

Payee's Name.

7. For Deposit.

Pay to the order of the Bank of
Montreal for collection on account of
The Commercial Bank.

A. PRINCIPAL.
MANAGER

9. For Collection.

Pay to the order of The Commercial
Bank for collection.

Payee's Name.

8. For Collection.

WRITING NOTES.

Write out in your Book of Business Forms the *notes of the following exercises, dating each from your city, town, village, or post office, on the day given in the record. Make each payable at the Commercial Bank of Canada, at your place of residence, and mark the due date on each.

EXERCISE XLIII.

1. Write the two Bills Receivable and three Bills Payable of the May business.
 - (a) Why would you prefer to have the bills receivable payable at your bank?
 - (b) If J. Jones lives in Daytown, and C. Cullis in Evansville, where would they prefer to have them payable? Why?
 - (c) If you place these notes with your bank for collection in Daytown and Evansville, what form of indorsement would you use? What would the bank charge for collection?
 - (d) If there is no branch of the Commercial Bank of Canada in Daytown or Evansville, but one of the Dominion Bank, and your bank sends the notes to the Dominion Bank for collection, what form of indorsement would your bank use? What difference would it make in the cost of collection?
 - (e) What is the greatest advantage in making your own notes payable at your own bank?

EXERCISE XLIV.

1. Write the three Bills Receivable of the June business.
 - (a) If you should want to raise money on these bills on July 1 to meet your liabilities to wholesale on that day, how could you obtain it?
 - (b) In discounting these notes what indorsement would you place on them?
 - (c) Write a statement on the back of each note, showing the discount the bank would retain and the proceeds due you on July 1. Rate of discount 6%.

NOTE.—Use the form of solution given on page 10, Chap. 1.

 - (d) What would be the total proceeds of the three notes?
 - (e) If the bank should require you to sign a note for this amount, and indorse the collaterals as security, write the note for the correct amount dating 1/7/190—, and indorse the collaterals.
2. Write the Bills Payable of the June business.
 - (a) If Leslie & Co. owe you \$10 on the day your note to them matures, have you the right to deduct this amount and redeem your note by paying the difference?
 - (b) If Leslie & Co. had negotiated the note before maturity, could you set up this counter-claim against them to the holder? Why?
 - (c) If Leslie & Co. held the note at maturity, and refused to allow your claim of \$10, and on the following day discounted the note, would your claim hold good against the holder? Would a bank advance money on the note to Leslie & Co. after maturity? Why?
 - (d) How could you word your note to Leslie & Co. so as to enable you to deduct from the face value at maturity, any claim you might have against them, no matter who the holder at maturity might be?

EXERCISE XLV.

1. Write the Bill Receivable and Bill Payable of the July business.
2. Write the five Bills Receivable of the August business.
 - (a) The note received from Langham on August 12, was indorsed by Jno. Smith to J. Langham with restrictive indorsement, and by Langham to you in blank. Write the indorsements on this note.
 - (b) Might the restrictive indorsement by Jno. Smith affect your title, and right to collection? If so, how?
 - (c) What object had J. Smith in indorsing restrictively?
 - (d) Would the bank accept this note as collateral or discount it? Why?
3. Write the two Bills Payable of the August business.

*These may be written first for correction, on blanks made of uniform size by dividing a sheet of foolscap into quarters and afterwards on the business forms for filing and future reference.

BOOK-KEEPING OF PROMISSORY NOTES.

BILL BOOK.

The Bill Book records the particulars of notes receivable and notes payable of which the most important are the due date, the place of payment, the names and places of residence of the maker, makers, or indorsers. It is very important that the book-keeper know the due dates and places of payment of all notes receivable, maturing each month, so that he may have them presented for payment at the proper time and place; also of all the notes payable so that he may provide funds for their redemption. See Bills of Exchange Act 1890, Sec. 45, 55.

Though the holder of a note is not required by law to look after the maker at maturity, but merely to present it at the place specified therein, still it has become a customary act of courtesy for the holder to remind the maker in writing of the due date and place of payment a few days prior to maturity, so that he may provide the funds for its redemption. The Bill Book, primarily an auxiliary book, was designed to tabulate these important facts, so that the book-keeper could see at a glance what notes required immediate attention either as to collection or redemption.

Some business men take charge of their customers' notes and attend to the presentation and collection at maturity. The great majority, however, place them under discount, or for collection at the bank, which for a small fee attends to the notification, presentation, and collection, and when this is done, the book-keeper's chief concern about them is the posting at the dates of receipt and payment.

THE BILL BOOK AS A BOOK OF ORIGINAL ENTRY.

The student will observe that the five notes of the May business recorded in the following Bill Book were recorded in the May Ledger with the date and amount of each, the other particulars being obtainable from the Journal, or the notes themselves. It will thus be seen that the Bill Book is primarily an auxiliary book, furnishing a summary of details found recorded in some other book or books of the system.

This double record is quite unnecessary in most business offices, and the original record is now generally made in the Bill Book, and omitted from the Journal, the posting being done from the Bill Book, which has thus become a book of original entry in Journal form.

By examining entry No. 1 in the Bill Book, it will be seen that J. Jones' name is written in the column headed "Maker." This constitutes a Journal entry, indicating a credit to J. Jones' A/c and a debit to the Bills Rec. a/c, and might have been posted from this book as well as from the Journal, the number 24 in column headed L. F. indicating the Ledger page of J. Jones' A/c. Where the posting of such a note is done from the Bill Book, the entry "Bills Rec. To J. Jones" is omitted from the Journal. (See Journal, p. 22.)

FORM OF BILL BOOK.

BILLS

No.	WHEN RECEIVED.		POSTED TO ACCOUNT OF	L. F.	MAKER AND INDORSER.	P. O. ADDRESS.	WHERE PAYABLE.
1	May	17	J. Jones - - -	24	J. Jones - - -	Guelph - - -	Com. Bk. of C.
2	"	19	C. Cullis - - -	*	C. Cullis - - -	" - - -	" "
3	June	4	C. S. Fraser - -	*	C. S. Fraser - -	" - - -	" "

BILLS

No.	WHEN GIVEN.		POSTED TO ACCOUNT OF	L. F.	IN WHOSE FAVOR.	P. O. ADDRESS.	WHERE PAYABLE.
1	May	2	A. B. Scott & Co. -	*	A. B. Scott & Co. -	London - - -	Com. Bk. of C.
2	"	8	" " - - -	*	" " - - -	" - - -	" "
3	"	18	" " - - -	*	" " - - -	" - - -	" "

*These notes were not credited to the personal a/cs when received. See entries in Journal, pages 21, 22.

On page 22 of the Journal will be found the entry "Bills Rec. To Mdse." for the purchase made by C. Cullis on note. When posted it will be seen that this entry does not affect C. Cullis' personal a/c, so that apparently it will be impossible to post entry No. 2 from the Bill Book to C. Cullis' a/c, as was done with entry No. 1. A little study will show how all such transactions may be recorded, so that the posting may be done from the Bill Book in every case.

(a) When a customer buys goods on a/c,

"Customer Dr. To Mdse." is recorded in the Sales Book or Order Book :

(b) When a customer gives his note on a/c,

"Bills Rec. Dr. To Customer," is recorded in the Bill Book :

(c) When a customer makes a cash purchase,

"Cash Dr. To Mdse." is recorded in the Cash Book :

the Order Book, Sales Book, Cash Book, and Bill Book above named, being books of original entry from which the posting is done direct to the Ledger.

(d) When Cullis bought goods on his note May 19,

"Bills Rec. Dr. To Mdse." was recorded in the Journal. (See p. 22).

The sale on note (d) does not affect the customer's a/c any more than the cash sale (c), payment being made in both cases. There is a possibility, however, that it may do so before the note is paid, for should C. Cullis fail to pay the note at maturity, the amount would be cancelled from the Bill Book and charged to his personal a/c, just as though the original purchase had been made on a/c.

(e) *The customary entries for all sales paid by note are :—

(1) "Customer Dr. To Mdse.," made in the Sales Book, along with all other sales on note or on credit.

(2) "Bills Rec. Dr. To Customer," made in the Bill Book.

When these two entries are posted, they will balance each other in Customer's a/c, which will thus not be affected unless the note is dishonored or returned, when his a/c will be charged with the amount.

EXERCISE XLVI.

The student will now turn to the Bill Book in his Book-keeping Blank and record the notes of the May, June, July and August business according to the specimen entries in the following form, separating those of one set from those of the following set by two blank spaces, or by ruling lines under the amount of the last note of a set.

Number the notes consecutively through the three months in the order of their receipt or issue. When a note is paid, the word "Paid" with the date of payment should be inserted in the last column. If a discounted note is returned by the bank unpaid, the word "Returned" with date should be similarly written.

FORM OF BILL BOOK.

RECEIVABLE.

DATE OF NOTE.	TIME.	YEAR.	WHEN DUE												INTEREST OR DISCOUNT.	AMOUNT.		REMARKS.
			J.	F.	M.	Ap.	My.	Je.	Jy.	Au.	S.	O.	N.	D.				
May	17	30 dys.						19								15	70	
"	20	3 mos.								23						24	50	
																40	20	
June	4	30 dys.							7							48	50	

PAYABLE.

DATE OF NOTE.	TIME.	YEAR.	WHEN DUE												INTEREST OR DISCOUNT.	AMOUNT.		REMARKS.
			J.	F.	M.	Ap.	My.	Je.	Jy.	Au.	S.	O.	S.	D.				
May	1	30 dys.						3								400	00	
"	8	3 mos.								11						250	00	
"	18	3 "								21						150	00	
																800	00	

*What entries should have been made in Journal, so that each of these notes could have been posted from Bill Book to the personal a/c of the maker?

MONEY AND BILLS OF EXCHANGE.

Money, which has been appropriately called the "**mechanism of exchange**," consists of any commodity used to facilitate the exchange of various forms of wealth.

In early times when man's wants were comparatively few, when he relied less on his fellow-men, and more on himself to supply those wants, the trade or exchange of commodities was a simple matter requiring little money. In many instances the exchange was simple barter, whereby articles of wealth not required for immediate use or enjoyment, were exchanged directly for others of greater necessity without any medium.

As civilization advanced and the forms of wealth became more numerous and man's wants consequently increased, it became necessary to have some medium which would measure the value of the various forms of wealth, in order to facilitate rapid and equitable exchanges.

This medium has consisted of various things in different countries and in different ages,—**wampum** among the North American Indians, **cowry shells** among the East Indians, **whales' teeth** among the Pacific Islanders, and **iron, copper, lead, tin, silver and gold** among the European peoples in different ages.

In addition to being a medium of exchange and a measure of value, money has become a store of value. In pastoral times a man stored his wealth in cattle and sheep which could be driven, also in fruits, spices and oils, which could easily be carried, and then moved whither he would. In modern times a merchant converts all his possessions into money, which being a valuable and portable commodity is the most easily transported and the most convenient store for his wealth.

From this desire to store wealth for future use or transportation, the necessity arose of having some form of money which would not only be valuable in itself, but possess a stability of value subject to slight variations.

This latter quality of money made possible commercial exchange by **sale and purchase**, the money received from the sale of one commodity being stored till required for the purchase of some more needed commodity.

FUNCTIONS OF MONEY.

QUALITIES OF MONEY.

The uses of money may be stated briefly as follows:—

- (1) A medium of exchange.
- (2) A measure of value.
- (3) A store of value.
- (4) A standard of value.

In order to perform these functions satisfactorily, money must possess the following qualities:—

- (1) Utility and value.
- (2) Indestructibility.
- (3) Divisibility.
- (4) Portability.
- (5) Stability of value.

It has always been found that some one of the metals most nearly fulfilled the above conditions, and through the course of centuries, iron, copper, lead, tin, platinum, nickle, silver and gold have each had a place in the currency.

In Homer's time iron was more valuable than copper, at that time the most useful and common metal.

In the 17th century lead bullets were used for farthings in Massachusetts, tin was coined into farthings by Charles II., and copper formed a large part of the currency of Norway and Sweden.

Gold as a medium of exchange was used at the beginning of the Christian era, but after the 7th century it fell into disuse, and through the mediæval ages down to the commercial awakening of Europe led by the Italian republics, silver formed the bases of all European currencies.

Since the fall of Byzantium in 1452, when immense stores of eastern gold, as well as gold-bearing districts, came into the possession of European countries, there has been a constant battle between silver and gold for supremacy as the standard of value, and now after more than 400 years during which fruitless

attempts have been made to maintain both metals as standards of value in different monetary systems, and during which time instances have occurred of one metal driving the other out of circulation by reason of an alteration in their relative values, different from that fixed by law, it seems as though silver is disappearing from the monetary systems of the world, and gold is becoming the universally-recognized standard of value.

COINED MONEY.

Coined Money consists of flat pieces of metal, usually round in shape, the weight and fineness and consequent value of which are certified by designs stamped on both sides from engraved dies. As long as the engraving on a coin remains undefaced it shows that no owner has tampered with the contents.

SIGNIFICANCE OF DESIGN.—In feudal times each petty king had his own peculiar seal which he affixed, not only to his possessions but also to any documents by which he wished to indicate either agreement or authority. In some cases feudal lords issued metal to pay their obligations, and indicated the weight and value by attaching their seals to the different pieces.

STATE COINAGE.—The coinage of all civilized nations is now left to the care of the State which regulates the working of the mint. The unit of value, the number and weight of the coins issued, as well as the fineness of the metal contained therein, is found embodied in some statute of the country.

***STANDARD COIN.**—A standard coin is one the value of which depends solely upon the value of the metal contained in it. Such coins are accepted in countries other than those issuing them, as the value of the metal is recognized even when melted into bullion.

TOKEN COIN.—A token coin is one which can be exchanged for standard coin at a certain ratio fixed by law. As this legal value is greater than the intrinsic value, token coins will circulate only in the state by whose authority they receive their current value.

†LEGAL TENDER.—Legal tender is such money as a creditor is obliged to receive in payment of a debt, expressed in terms of the money of the country.

The standard coins in the English currency are the gold sovereign and half-sovereign (£1 and £½); while the token coins are the copper farthings, half-pennies, and pennies; and the silver 3 pence, 6 pence, shilling, half-crown and crown.

VALUE OF ENGLISH SOVEREIGN.—The sovereign is the unit of value as well as the money of account in Great Britain. It contains 123·27447 grains of English standard gold. By dividing this weight into 480 grains, *i.e.*, 1 oz. Troy, we obtain 3·89375. Thus, 1 oz. Troy of standard gold will yield 3·89375 sovereigns, or £3 17s. 10½d.; or 20 lbs. Troy, when coined, will produce 934 sovereigns and one half-sovereign.

VALUE OF ENGLISH TOKEN COINS.—Previous to 1816, 1 lb. Troy of standard silver was coined into 62 shillings. By Act 56, Geo. III, it was ordered to be coined into 66 shillings, thus reducing the silver coins to tokens, which they have ever since continued to be. The actual value of the metal in the copper coins is about one fourth of their current value.

THE CURRENCY OF CANADA.—The denominations of money in the Canadian currency are mills, cents, and dollars,—the mill being one tenth part of a cent, and the cent one hundredth part of a dollar. The dollar is both the unit of value and the money of account in Canada, and is of such value that the British sovereign (£1) of the weight and fineness now prescribed by the laws of the United Kingdom is equal to four dollars and eighty six cents and two thirds of a cent (\$4.86⅔). The coins in use are copper and silver tokens for fractional parts of the unit, the former for \$ $\frac{1}{100}$, and the latter for \$ $\frac{1}{20}$, \$ $\frac{1}{10}$, \$ $\frac{1}{4}$, and \$ $\frac{1}{2}$. See Statutes of Canada, 49 Victoria, Chap. 30, "An Act respecting the Currency."

* English Standard Gold contains 11 parts pure gold to 1 part alloy. English Standard Silver contains 925 parts pure silver to 75 parts alloy.

† "The Act respecting the Currency of Canada, 1890," defines precisely what constitutes legal tender in Canada.

REPRESENTATIVE MONEY.

The exclusive use of coined money in commerce would be impossible, owing to the enormous amount that would be required. The total amount of metallic money in circulation in Canada would be far from sufficient to make the exchanges of Canadian commerce. In London, England, the average volume of one day's commerce is £20,000,000. To make all these exchanges with metallic money would require 157 tons of gold or 2,500 tons of silver, requiring over 1,000 horses and waggons to draw the amount.

In consequence of this cumbersome feature of coined money, there have come into use light forms of representative money, which are promises to pay in coin. Being strongly guaranteed and much more convenient for transportation, they are accepted just as readily as the coin guaranteed therein; and we now have the phenomenon of gold being stored away in the vaults of banks and other financial institutions, and written promises to pay, or orders for gold, passing as our circulating medium. These **orders** are the well-known **Dominion notes** and **Bank bills** which, it will be seen, **fulfil the requirements of a promissory note** as stated in "The Bills of Exchange Act." The Dominion notes are issued for \$ $\frac{1}{4}$, \$1, \$2, \$4, \$5, \$10, \$20, \$50, \$100, \$1,000, up to \$5,000, the first 4 only of which are for circulation, the larger denominations being required by law to be held by banks as part of their reserve. The Bank notes are issued for \$5 and multiples of \$5. (See Bank Act, 1890, Sec. 51.)

ORDERS.

With the extension of commerce, and the increasing necessity of transporting money from one centre to another in payment of debt, these representative forms have, in their turn, given way to more specialized forms called orders, or bills of exchange which are now used almost exclusively in making exchanges between different countries, also between different places in the same country, and very largely between parties in the same locality.

FORM 1 (ORDER FOR GOODS)

\$10.00

Unionville Mills, Jan. 20, 190.....

To C. Stauffer,

Unionville, Ont.

Please deliver to the order of John Workman, Goods from your store to the amount of Ten Dollars, and charge to my acct.

Student.

Student is a miller and John Workman is a laborer in his employ, who, being in need of goods, receives the above order on C. Stouffer, the village merchant, so that he may obtain goods on his employer's a/c.

1. Stouffer will deliver the goods to John Workman, but will charge them to Student. Why?
2. Student will charge Workman with \$10. Why?
3. Student will credit C. Stouffer from whom he obtained the goods on a/c, which Workman could not have so obtained.

Note:—This form of order which was common in the early days of Canadian commerce when currency was not so plentiful or secure as it is to-day, is now seldom used in payment of wages.

FORM 2 (ORDER FOR MONEY)

\$21.40

Claremont, November 1, 190.....

To John Cooper,
Claremont, Ont.

Please pay to the order of David Hopkins,
Twenty One and $\frac{40}{100}$ Dollars,
and charge to my acct.

John Plowman

John Plowman, a hired man in the employ of Farmer Cooper, has obtained goods on a/c at various times during his term of employment, from D. Hopkins, the village merchant, to whom he now presents the above order in payment of the a/c, as his employer has not yet marketed any of his season's crop and money is scarce.

The merchant's first concern is to ascertain if Cooper is indebted to Plowman for this amount, and if he will honor the order. If Cooper acknowledges his indebtedness and will sign his name to the order, the merchant will accept the order on Cooper in settlement of the a/c. He will close Plowman's a/c, and charge the amount against Cooper until he obtains the money with which to settle.

NOTE.—This form of order, which is seldom or never used in the transaction of business in cities and towns, is still quite common with rural or village merchants who prefer to charge a responsible land owner or permanent resident rather than one whose residence is only temporary, and from whom it may be difficult or expensive to collect the amount when he removes or spends his season's wages.

When an order is drawn in accordance with the requirements of the Bills of Exchange Act, *i.e.*, for the unconditional payment of a specified sum of money at a specified place it is called a **Bill of Exchange**; and when honored by the person on whom it is drawn, it gives any holder the same right to collection as that possessed by the holder of a promissory note or bank bill.

BILLS OF EXCHANGE.

(Copied from the Bills of Exchange Act.)

DEFINITION.

A Bill of Exchange is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is delivered to pay on demand, or at a fixed or determinable future time, a sum certain in money, to, or to the order of, a specified person or to bearer.

KINDS.

There are three kinds according to where payment is to be made :—

- (1) **A Domestic or Inland Bill of Exchange**, usually called a **draft**, is one payable in the same country, but in a different locality from that in which it is drawn.
- (2) **A Local Bill of Exchange**, usually called a **check**, is one payable in the same locality in which it is drawn.
- (3) **A Foreign Bill of Exchange**, usually called a **Bill of Exchange**, is one payable in a different country from that in which it is drawn.

FORM 3 (DRAFT)

<p><i>\$100⁰⁰/_{xx}</i></p>	<p><i>London. Nov. 1 1904</i></p> <p><i>Thirty days after date pay to D. Young or order</i></p> <p><i>One Hundred ~~~~~ ¹⁰⁰ Dollars</i></p> <p><i>and charge to the account of</i></p> <p><i>To James Dawson</i></p> <p><i>Guelph.</i></p>	<p>PAYEE</p> <p>DRAWEE</p> <p>DRAWER</p>
------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------

Drafts though primarily used for transferring value from the drawer's debtor to his creditor are now largely used for collecting debts due the drawer in some distant place.

In the above draft, form No. 3, Student of London draws on his debtor, Jas. Dawson, in favor of his creditor, D. Young, and so makes the exchange without the transmission of money from Guelph to London and back again to Guelph.

The draft would be mailed directly to D. Young, the creditor, who would attend to the presentation for acceptance and payment by J. Dawson.

FORM 4 (ACCEPTED DRAFT)

\$100⁰⁰/_{xx} D

London Nov. 1 1901

Thirty days after date pay to Young or order

One Hundred ————— Dollars

and charge to the account of

To James Dawson Student

Guelph

Payable at the Bank of Commerce

James Dawson

A

If Dawson acknowledges his indebtedness to Student, or undertakes to pay the amount named in the draft, he writes across the face of the draft the word "Accepted" followed by his signature. Should no place of payment be named in the body of the draft, Dawson may add words signifying the place where he will pay the amount at maturity. The draft is then called J. Dawson's **Accepted Draft** or **Acceptance**, and is treated by Young as a bill receivable and by Dawson as a bill payable, and is recorded as such in their books.

If the student had no creditor in Guelph to whom he wished to transfer his debt, but desired to have it transferred to himself in London, he would have made the draft payable to his own order at the Commercial Bank of Canada which would collect the amount and place it to his credit in London.

Parties to a Draft:—

- (1) Drawer
- (2) Drawee—Acceptor.
- (3) Payee.
- (4) The Holder.
- (5) A holder in due course.
- (6) Indorser.
- (7) Indorsee.

Record of a Draft includes:—

- (1) Issue.
- (2) Presentation for Acceptance.
- (3) Acceptance or Dishonor.
- (4) Indorsement.
- (5) Presentment for Payment.
- (6) Discharge or Dishonor.
- (7) Protest.

CONTRACTS OF PARTIES.

The Drawer contracts with the payee and all subsequent holders of the draft,

- (1) That he has the right to draw on the drawee (the drawee being his debtor, or by previous arrangement having agreed to honor the draft and charge the same to the a/c of the drawer).
- (2) That the drawee will accept the order on presentation, and pay the same at maturity.
- (3) That if the drawee fails to accept on presentation, or pay at maturity, he, the drawer, will pay the amount to any holder.

The Drawee by accepting the draft contracts with the drawer, the payee, and all subsequent holders, that he will pay the bill at maturity according to its tenor.

When the draft is accepted it is called an "Accepted Draft" or "Acceptance," and the acceptor is the **principal debtor**, corresponding to the "maker" of a promissory note. The drawer who guarantees acceptance and payment by the drawee is the **first security**, and corresponds to the first indorser of a promissory note. The first indorser of an acceptance, who guarantees payment by the maker and drawee, is the **second security**, and corresponds to the second indorser of a promissory note. The contracts of the other parties to a draft are the same as those of similar parties to a promissory note.

Acceptance.—The drawee accepts a draft by writing the word "Accepted" followed by his name, across the face of the draft. The mere signature of the drawee without additional words is sufficient.

Presentment.—A draft must always be presented for acceptance as well as for payment. Neglect to do this on the part of the holder may relieve the drawer and subsequent endorsers from their surety. If a bill is duly presented for acceptance and is not accepted within two days thereafter, the holder must treat it as dishonored, return it to the drawer and notify all prior parties of such dishonor; if he does not he shall lose his right of recourse against them.

Where a bill is not payable on demand, presentment must be made on the day it falls due, within business hours.

Where a bill is payable on demand, presentment must be made within a reasonable time after its issue, in order to render the drawer and indorser liable. (See Bills of Exchange Act 1890, Sec. 45 (2), *b.*, for legal interpretation of a reasonable time.)

Protest is a legal form of notice of dishonor for non-acceptance or non-payment, given to hold the sureties on a bill or note. (See Bills of Exchange Act 1890, Sec. 51, 73, 85, and Appendix B of the same Act for particulars and form.)

A **Check** is an order on the bank for transferring money from one person to another living in the same locality; hence its name, **local bill of exchange**.

The parties to a check are the same as those to a draft, but the drawee is always a bank instead of a person.

Ordinarily a check is the drawer's order for withdrawing money that he has on deposit in the bank, and is always payable on demand. Should the drawer issue a check for a sum greater than that which he has on deposit, payment will be refused by the bank, and he must either issue a second check for the proper amount, or deposit sufficient money to raise his deposit to the amount of the first check.

Business men of reputable standing may, however, by giving satisfactory security, arrange with the manager of the bank to overdraw their accounts to a certain amount.

It is the duty of the bank teller to examine every check presented for payment, to satisfy himself that it is regular and genuine and that the person presenting it is entitled to payment. If a bank pays a forged or raised check it cannot charge the drawer for any portion of the forged one, or a greater portion of the raised one than the original amount; unless it can be proved that the maker invited or made possible the fraud, by carelessness in drawing his check, in which case he would bear the loss.

If a bank pays a check to the wrong person, it must make good the loss to the drawer. To avoid responsibility in this respect banks have their blank check forms made payable to bearer, as all such checks are legally payable to the holder.

The drawer of a check should cross out the word "bearer" and write above it the word "order," so that the payee named by him cannot obtain the money without indorsement. The indorsed check will then serve as a receipt. The bank will be responsible for proper indorsement and payment to the proper person.

A lost or stolen check payable to order, could not be cashed by the holder without forgery, as the bank requires every unknown indorser to be identified by some person known to the banker. Should the bank pay such a check to a person forging an indorsement, it would bear the loss.

A lost or stolen check payable to bearer, could be cashed by the finder or thief, and the bank would not be held liable for payment, provided no notice of the loss or theft had been given by the drawer.

In order to prevent forgery, the drawer of a check should always write his signature in the same way. He should never write a check in such a way as to permit of alterations which could not be detected by the exercise of reasonable care.

In writing the amount in words, always begin at the extreme left of the check, and fill in an ink line between the amount so written and the word "dollars."

Checks like demand drafts should be presented within a reasonable time. A **certified check** is one which is accepted by the bank on which it is drawn. The acceptance certifies that there are funds in possession of the bank with which to pay it when presented. Such a check is taken as cash at any place outside of the locality where it is payable.

When the holder of a check draws two parallel lines across the back thereof, it is called a **crossed check**. The crossing signifies that it is for deposit only, and if the name of a particular bank is inserted between the lines, it is payable to that bank only. Such a check is never payable to bearer in any case. (See Bills of Exchange Act 1890, Sec. 75, for further information regarding crossed checks.)

The number, date and amount of every check, also the payee's name and for what issued, should be entered in the margin of the drawer's check book before the check is torn off.

Banks return all checks paid by them, which are issued by a depositor on current account, at the end of each month when they, along with all deposits for the month are entered in the depositor's Bank Book. These checks should be retained by the drawer as they serve as receipts.

EXERCISE XLVII.

Write the checks of the following dates :—

- (a) May 18, payable to self.
- (b) May 22, payable to A. Landlord, adding words which will make it a receipt for May rent.
- (c) June 6, payable to your bookseller.
- (d) June 15, payable to your freight agent for June freights.
- (e) July 3 and 9, and August 11, payable to the freight agent at your R.R. Station.
- (f) July 8, payable to Trustees of Victoria Hospital, London.
- (g) July 13, payable to your clerk, adding words to show for what it was given.

When wholesale merchants send out Statements of Account to their customers at the end of each month, they do so with the object of making settlements either by note or for cash. They sometimes **enclose promissory notes** with the monthly statements, for the amounts of the accounts, **requesting the customers to sign and return them** so that they may be discounted or otherwise used in securing money from the bank. Settlements could also be made by **enclosing drafts** with the statements, having the same terms as the notes, **requesting the customers to accept and return them**. When accepted and returned these drafts would be to all intents and purposes the same as the promissory notes, and would be recorded as such in the Bill Book.

This method of settlement by enclosing notes or drafts to be signed or accepted, and returned, has been found unsatisfactory, as customers are not usually prompt in returning notes and acceptances. To avoid unnecessary correspondence on the part of the drawer, and to insure prompt acknowledgment and settlement, merchants generally employ a bank as agent to present their drafts for acceptance and collection. **The merchant draws on the debtor** in his own favor, and then **indorses** in favor of the bank making the collection, or, he may name the collecting bank as payee in the body of the draft. **The bank then forwards the draft** to a branch of the same bank, or in the absence of such a branch, to any other bank where the drawee resides. **This bank, upon receipt of the draft, sends it out by messenger to the drawee's place of business for his acceptance.** If he refuses or neglects to accept within two days, **the bank returns the dishonored draft to the first bank** which at once notifies the drawer. Where the drawer discounts such a bill upon issuing it, receiving an advance thereon from the bank and it is dishonored by non-acceptance, **the bank on receipt of notice of non-acceptance charges him with the amount.** If the drawee accepts, the acceptance is then left in the bank till maturity, when it is collected, returned to the drawee discharged, and the proceeds forwarded to the bank who undertook the collection. For making this collection the bank usually charges a fee of 25c. for all small amounts, though by law it is entitled to *fees according to the amount of the draft and the time it has to run.

* See The Bank Act, Sec. 82.

EXERCISE XLVIII.

During May Student purchased goods from A. B. Scott & Co., wholesale grocers, London, on the following dates:—

May 2, paid by note at 30 days, 1/5/190—.

May 8, paid by note at 2 mos., 8/5/190—.

May 18, paid by note at 3 mos., 18/5/190—.

(a) Draw drafts which when accepted would be the same as these notes.

(b) Where would these drafts be accepted and paid by Student?

(c) If A. B. Scott draws them payable in London, has Student the right to alter the place of payment before accepting? (See Bills of Exchange Act 1890, Sec. 19 (2), 44 (2).)

(d) What advantage would it be to Student to have them payable at his place of business?

FORM 5 (CHEQUE.)



The Commercial Bank of Canada

London, May 22, 190.....

Pay to A. Landlord..... or bearer,

Thirteen..... Dollars,
100

in payment of rent of store No. 99 Wyndham St., London, for
one month ending May 31, 190..... Student.

MAKING DIRECT REMITTANCES.

A person wishing to remit money direct to his creditor, may do so by enclosing bank bills in a registered letter, a method which is always attended with some risk; or, by the safer method of mailing some one of the following orders:—(1) **Bank Draft.** (2) **Express Order.** (3) **Post Office Order.** (4) **Canadian Postal Note.** (5) **Certified Bank Check.**

As Banks and Express Co's have branches in nearly every city and town in Canada, and the Post Office Department has a branch office in every settled locality, in each of which is kept part of the general funds of the Bank, Company, or P. O. Department, it is an easy matter for any one of these branches to accept money and issue an order for the payment of the same at some other branch, without actually transmitting the money to the place of payment.

Each of the above forms is an order to pay at some other branch, money which has been received for transmission by the issuing branch. They are always sold for cash, the amount charged being the face value of the order and the fee, which varies according to the amount. (See tables of rates issued by Banks, Express Co's and P. O. Department.)

A bank draft differs from an ordinary draft, in that both the drawer and drawee are banks instead of persons. It is similar to a certified cheque, in that it is an order for money actually in possession of the bank drawing the order.

Being thus orders for money in the possession of the Co. issuing them, bank drafts, certified bank checks, express orders, P. O. money orders and postal notes are always taken as cash. Ordinary checks and sight drafts are also accepted as cash when the drawers are well known and reliable.

BANK CHEQUE (CERTIFIED)

No 52

THE COMMERCIAL BANK OF CANADA

Stamp: JULY 20 1904

Pay to John Thomas

Sum of Twenty Five Dollars

OR BEARER \$25.00

H. C. Corner

TO THE ORDER OF John Thomas

100 DOLLARS

Red by Agent
Issue

MONEY ORDER

SERIES H NUMBER 321203

DOMINION EXPRESS COMPANY

Agrees to Transmit and Pay

SUM OF Three 60 100 DOLLARS 3 65

FOR Henry Holt & Co. AT New York

Not payable to bearer if crossed

DATE 10 Aug 1904 W. H. Thompson ASSISTANT TREASURER

ED TO Cushings AGENT AT

REMIT BY AT

When the highest printed marginal amount
exceeds the printed amount
of the order, the order is void.

This order will be cashed at any Express office
in Canada and the United States or it can be remitted
as exchange payable at New York or other principal
cities in the United States and Canada.

No. 321203 SERIES H

DOMINION EXPRESS COMPANY

MONEY ORDER

Remitter's Receipt

KEEP THIS

For \$ 3 65

Sum Henry Holt & Co.

By W. H. Thompson

10 August 1904

NOTES

When the amount of the order exceeds the amount of the exchange, the order is void.

BANK DRAFT

No 151

THE Commercial Bank of Canada.

Stamp: 12th July 1904

Pay to the order of E. H. Harcourt

Seventy Dollars

TO THE Commercial Bank of Canada London

H. Thompson W. H. Thompson

R. H. Briggs

NOT NEGOTIABLE.

NADIAN POSTAL NOTE 145371

FOUR DOLLARS

\$4.

COMMISSION THREE CENTS

**THIS FORM REPRESENTS A
POSTAL NOTE**

POSTAL NOTE

M 145371

\$4.

PURCHASER
KEEP THIS
L'ACHETEUR
GARDE CE CI

ISSUING OFFICE

TORONTO, Ont.

No. 4194

CANADIAN MONEY ORDER.
MANDAT DE POSTE CANADIEN.

Stamp: TORONTO CANADA

Pay to the person mentioned in name—(PAYEZ à la personne mentionnée dans l'avis)

Forty six Dollars Cents

To the Post Office Toronto

Signature: W. H. Thompson

Received the above sum—(Reçu le montant ci-dessus)

SIGHT DRAFT

Due 40.00 Toronto 8th August 1904

At sight for value received

to the order of The Bank of Toronto here the sum of 40 Dollars

W. H. Thompson London

W. H. Thompson

BANKING.

DEPOSIT SLIPS—CHECKS—BANK BOOK.

Banks accept for deposit the small weekly or monthly savings of the wage earner, the working capital of the merchant, or the fortune of the financial prince.

Savings Account.—When the object of the depositor is the storing of his savings until he accumulates sufficient for some intended investment, the bank opens an a/c with him in the Savings Department, and furnishes him with a Savings Bank Pass Book. This book should always be presented to the Ledger Keeper whenever deposits or withdrawals are made, in order that they may be entered therein, and the depositor's balance shown at any date. Deposits of \$1 and upwards may be made at any time in a savings a/c, on which interest is allowed at the current rate, from the date of the deposit to that of withdrawal. No depositor is allowed to overdraw his deposit in a savings a/c.

Current Account.—When the merchant wishes to deposit the proceeds of his sales from time to time, not only for safe-keeping, but that he may make his payments by check, using the bank as his cashier, the bank opens a current a/c with him, and provides him with a regular Bank Book. This book is required to be presented to the Ledger Keeper at the end of each month only, in order that all deposits received, and checks paid by the bank during the month may be entered, and the balance set down to the depositor's debit or credit. As before stated in connection with the subject of checks, a merchant in good standing may arrange with the manager of the bank to overdraw his deposit to a certain extent, and it is mutually advantageous to know each month how the a/c stands. The checks when paid out of the depositor's a/c are marked "Paid," and filed away by the bank clerk to be entered in the Bank Book when it is presented at the end of the month, and returned therewith to the depositor. These checks when returned should be filed away by the merchant to serve as vouchers of payment. The deposits in a current a/c being subject to withdrawal without notice, are of little or no use to the bank for investment purposes; hence, there is usually no interest allowed. In some cases arrangements may be made with the bank whereby interest is allowed on the smallest balance during each month. (See form of check on next page marked "Paid" by bank.)

Deposit Receipt.—When a large deposit is made for investment purposes the depositor usually agrees to leave the amount for a stated time and to give stipulated notice of withdrawal. He may have an a/c opened for his deposit and receive a Bank Book, though where the amount is likely to be unchanged for some time, the bank prefers to issue a Deposit Receipt, to show the amount on deposit. When withdrawing, the depositor is required to sign and deliver this Deposit Receipt to the bank. Should he wish to withdraw a part of the amount he would be required to sign and deliver the original receipt and take a new one for the balance on deposit.

Depositing.—When making a deposit at the bank the depositor should make out a Deposit Slip, stating the number and denomination of all bills and notes, the amount of all orders, checks and coin, also the name of the a/c to be credited with the deposit. He should hand this with the securities for deposit to the Teller who will initial the slip if he finds it a correct statement of the deposit, and pass it on to the Ledger Keeper for entry in the a/c. (See form initialled by John Teller, thus "J.T.")

Withdrawing.—When withdrawing from a saving's a/c, the check and Bank Pass Book should be handed to the Ledger Keeper who will make the entry for the withdrawal in the Ledger, initial the check and pass it on to the Teller who will then pay the amount. The banker will always pay a check made payable to bearer when satisfied of the genuineness of the drawer's signature. This is ascertained by comparison with his signature made in the Depositors' Signature Book at the time of opening the a/c. When the check is payable to order, the holder, if not known to the banker, must be identified as the proper person by some person known to the banker.

DEPOSIT SLIP.

THE COMMERCIAL BANK OF CANADA

Credit

Deposited by

..... of 19

× 1 =

× 2 =

× 4 =

× 5 =

× 10 =

× 20 =

× 50 =

× 100 =

\$

Coin . . .

Checks . . .

Postal Notes . . .

P. O. Orders . . .

Express Orders . . .

Total . . .

J. J.

DEPOSIT RECEIPT.

THE COMMERCIAL BANK OF CANADA

\$2000.

London, Jan. 10, 190

Received from *J. Student* the sum of *Two Thousand* Dollars, which sum will be paid by this bank to the said *J. Student*, or his order, after thirty days' notice, upon surrender of this certificate only, and will bear interest at the rate of four per cent. from the 15th day of Jan., 190, to the date of withdrawal. No interest will be paid on this deposit unless it remains three months.

A. PRINCIPAL.
Manager.

BANK CHECK (MARKED PAID BY BANK.)

THE COMMERCIAL BANK OF CANADA

\$13.00.

London, Aug. 25, 190

Pay to the order of *A. Landlord*
Thirteen Dollars
being payment of rent for store No. 99 York St.,
London, for month ending May 31, 190

(Student's Name.)

NOTE.—This check when returned to student becomes his receipt for payment of rent and should be carefully filed with all other receipts.

EXERCISE XLIX.

1. Using the Book of Business Forms make out Deposit Slips for the deposits of May 5, 14, and 22; June 2 and 10; July 4, 6, and 12; Aug. 4 and 13.
2. Initial each one by Jno. Teller according to the given example.
3. Detach these slips and arrange them in order of their dates, keeping those of each business by themselves. File them in the order of their dates for use in writing the Bank Book therefrom.

EXERCISE L.

1. Detach all checks written out in Exercise 47, mark "Paid" on each and file them in the order of their dates for use in writing the Bank Book therefrom.

EXERCISE LI.

1. Take all Deposit Slips and Checks for May, and compare with the entries made in the specimen Bank Book, after which they may be filed away as before, or placed in the vault for future reference.
2. Take all Deposit Slips and Checks for June, July and August in order of their dates, write therefrom the Bank Book and file the papers as before.

NOTE.—In writing the Bank Book leave one space between the entries for the different sets.

Results :— Balance May 22.	\$1502.00
June 15.	\$ 328.35
July 13.	\$ 615.20
August 17.	\$ 247.90

The Commercial Bank of Canada.

In acct. with.....*Student, London, Ont.*

MONTH.	PARTICULARS.	L.K.'s INITIALS.	DR.	CR.	DR. OR CR.	BALANCE.
<i>May</i>	<i>5</i>	<i>Deposit</i>	<i>L.K.</i>	<i>475</i>	<i>00</i>	<i>Cr. 475 00</i>
<i>"</i>	<i>14</i>	<i>"</i>	<i>L.K.</i>	<i>100</i>	<i>00</i>	<i>575 00</i>
<i>"</i>	<i>18</i>	<i>Check</i>	<i>L.K.</i>	<i>60</i>	<i>00</i>	<i>515 00</i>
<i>"</i>	<i>22</i>	<i>"</i>	<i>L.K.</i>	<i>13</i>	<i>00</i>	<i>502 00</i>
<i>"</i>	<i>22</i>	<i>Deposit</i>	<i>L.K.</i>	<i>1000</i>	<i>00</i>	<i>1502 00</i>
				<i>Balance</i>		<i>1502 00</i>
<i>June</i>	<i>2</i>	<i>Deposit</i>	<i>L.K.</i>	<i>300</i>	<i>00</i>	<i>Cr. 300 00</i>

SINGLE ENTRY.

Single Entry is that system of book-keeping which records business transactions with persons only, in such a way that a business man's Ledger will show at any time only those assets and liabilities of his business which cannot be obtained by making an inventory of values on hand. It is generally used in small retail business places where the chief concern is to keep a record with persons dealing on a c.

Its chief characteristics may be briefly stated as follows:—

The fundamental principle of Single Entry Book-Keeping is the fact that only personal a/cs are kept in the Ledger, and that only personal debits and credits are recorded in the Journal.

It will be observed that the Ledger of the Meat Business (Set iv), contained a/cs with persons only, no a/cs being kept with things such as cash, goods and expense items. Not having any representative a/cs or records of property showing costs and proceeds, and consequently not being able to ascertain the losses and gains, the only way of ascertaining the Net Worth on Sept. 15, was by tabulating all the assets and liabilities in connection with the business. Those assets and debts arising from personal a/cs were obtained from the Ledger. All others were obtained by making an estimate of the different values.

Although a record of cash receipts and payments was kept in the Cash Book, the object of doing so was simply to afford a check on the amounts received and paid out, and to prove the accuracy of the amount in the till at any time.

Had it been desirable, a record of goods—costs and proceeds - and expense outlays might have been kept in separate books as was done with the cash. The object of doing so would have been to know the profits arising from buying and selling, and the cost of conducting the business.

The value of meats on hand was obtained without any special record of goods bought or sold: that of stable and shop fixtures without any special record of expense outlays. So the cash on hand, Sept. 15, could have been ascertained by counting the cash in the till without any record of previous receipts and payments.

The **Inventory Book, Ledger and Journal** (*i.e.*, the Order Book), from which the posting was done were really the only books necessary to record Mr. Worthy's business relations and standing. Any others would have been **auxiliary** books showing results already obtained by actual count or valuation and tabulated in the Inventory Book. Hence, in order to find the Net Worth of a business where the Ledger contains personal a/cs only, it becomes necessary to tabulate all assets and liabilities not recorded in the Ledger in a book called the Inventory Book.

It is very rarely the case that purely single entry books are kept in any business. Nearly every business man desires to keep a record of his cash receipts and payments, expense outlays, notes received and disposed of, etc., and when such is the case it ceases to be purely single entry. The more auxiliary books that are used and the more records introduced, other than the personal a/cs, the more valuable does the record become, and the more nearly does the system approach double entry.

Not, however, until a double record is made of every transaction and the whole is subject to a Trial Balance will the system contain all the valuable features of the Double Entry System, and the various sources of revenue and expenditure be shown.

ADVANTAGES OF DOUBLE ENTRY OVER SINGLE ENTRY BOOK-KEEPING.

1. **Single Entry** shows the **Assets and Liabilities** comprising the Net Worth of the business.

Double Entry shows not only the **Assets and Liabilities** of the business but also the **Gains and Losses** that have produced the present financial standing from some former standing.

2. **Single Entry** shows the **Net Gain or Net Loss** for any period of time, by comparing the Assets and Liabilities at the beginning with those at the end of that period, without showing where the gains and losses have been made.

Double Entry not only shows the **Net Gain or Net Loss**, but also in what particular a c each item of **Gain and Loss** has been made.

3. **Single Entry** furnishes **no proof of accuracy** of the work.

Double Entry furnishes a **proof of accuracy** by enabling the book-keeper to obtain

(a) **A Trial Balance from the Ledger.**

(b) **The financial standing from the Ledger by two independent methods.**

EXERCISES IN SINGLE ENTRY BOOK-KEEPING.

The following memos. of business transactions are for the weeks following the closing of the books on July 15 and Aug. 17, Sets 2 and 3 respectively. The pupil will continue the work of these Sets by single entry, using the following books:—Journal and Ledger to record the personal debits and credits; Cash Book, Bank Book, Bill Book and Inventory Book, as auxiliaries.

Set 2 (continued), July 16—21.

- 16.—Received goods as per invoice No. 1 from Turner & Sons, Toronto, dated 1/8/190—, at 3 mos., 1 case Assorted Prints, 20 pcs., 810 yds., at 10c., \$——. Paid freight on same, \$1.65. Sales on a/c to-day:—A. Brown, 7 yds. Tweed at \$1.25; C. H. Laidlaw, 10 yds. Print at 12½c.; 8 yds. Cotton at 7½c. Cash Sales, \$20.40. Deposited in bank, \$500.
- 17.—Received goods as per invoice No. 2 from Caldwell & Son, Hamilton, dated 1/8/190, at 30 days, 1 case Muslin, 10 pcs., 380 yds., at 25c., \$——. Paid freight on same, \$1.40. Sales on a/c:—M. Langham, 2 prs. Hose at 30c.; 1 Fedora Hat, \$1.50; A. Brown, 10 yds. Lining at 8c.; 6 yds. Print at 12½c. Cash Sales, \$16.80.
- 18.—Bought a Horse, Harness, and Wagon for delivering goods. Paid J. Darch for Harness by check, \$20. Gave my note dated 1/7/190—, at 1 year to T. Tapp for Horse, \$70. The Speight Wagon Co. agree to take price of Wagon \$40 on contra a/c. Cash Sales, \$24.60. Deposited \$50.
- 19.—Paid Turner & Sons' draft by check for the amount of invoice No. 1, less 5% cash discount. Amount of check, \$——. Cash Sales, \$22.60.
- 20.—Sales on a/c:—A. Brown, 3 yds. Table Linen at 50c.; 4 rolls Batting at 10c.; Speight Wagon Co., 10 yds. Farmer's Satin at 50c.; 1 roll Cotton, 50 yds., at 8½c. Cash Sales, \$36.00. Received cash for M. Langham's note 10/7/190—, \$——. Deposited \$50.
- 21.—Cash Sales, \$40.30. Paid clerk's salary for week, \$15.00. Deposited \$50.
- 21.—**Inventories**:—Goods on hand, \$431.75.
Office Furniture, 38.50.
Stable Equipment, 120.00.
Result:—P.N. Worth, \$1,639.75.

Set 3 (continued), Aug. 17—22.

- 17.—Received Flour from Arva Milling Co., as per invoice No. 1, 50 bags, 25 lbs. each, at \$2.20 per cwt.; 50 bags, 50 lbs. each, at \$2.40 per cwt. Total, \$——. Sales on a/c:—J. Tracy, 27 bus. Wheat at \$1; R. Fullerton, 1 bbl. Flour, \$6.10. Cash Sales, \$30.
- 18.—Received from Ogilvie Milling Co., 1 car Flour as per invoice No. 2, 100 bags "Star Brand" at 90c.; 100 bags "No. 1 Manitoba" at \$1.30; 100 bags "Maple Leaf" at \$1; 100 bags "No. 2 Manitoba" at \$1.20. Paid freight on same by check payable to C.P.R., \$24.60. Cash Sales, \$53.60.
- 19.—Sales on a/c:—J. Langdon, 10 bags "Maple Leaf" at \$1.25; J. Tracy, 5 bags "Star" at \$1.10. Cash Sales, \$60. Deposited \$200.
- 20.—Had R. McNaughton's note, dated 10/8/190—, for \$122, discounted at the bank at 6%, and proceeds placed to our credit in order to meet sight draft presented to-day, drawn by Ogilvie Milling Co., for amount of invoice No. 2. Issued check for amount of draft, \$——. Cash Sales, \$72.40.
- 21.—Sales on a/c:—J. Tracy, 2 bags "No. 1 Manitoba" at \$1.50; J. Langdon, 5 bags "Star" at \$1.10; R. Fullerton, 1 bbl. Flour at \$6.10. Cash Sales, \$40.10.
- 22.—Paid clerk's salary for week, \$15.00. Deposited all the cash on hand except \$20.90.
- 22.—**Inventories**:—Goods on hand, \$365.04.
Aug. Rent unpaid, 25.00.
Result:—P.N. Worth of Firm, \$1,691.20.

SINGLE ENTRY JOURNAL.

1. Record all the personal debits and credits in a journal according to specimen entries, separating the entries for July from those of Aug. by a blank space and double horizontal lines across the page.

2. Use all personal a/cs already opened in July and Aug. Ledgers, and open additional a/cs for Turner & Son, A. Brown, Caldwell & Son, Speight Wagon Co., Arva Milling Co., and Ogilvie Milling Co., allowing $\frac{1}{4}$ -page for each.

3. After posting to the personal a/cs and closing the auxiliary books on July 21 and Aug. 22, make a Statement of Assets and Liabilities on each of those dates.

NOTE.—Do not close personal a/cs.

4. By comparing the financial standing on July 21 with that on the 16th, show the Net Gain or Net Loss for the week, July 16—21.

5. By comparing the financial standing on Aug. 22 with that on the 17th, show the Net Gain or Net Loss for the week Aug. 17—22.

London, July 16, 190—.

		Partial Amt.		Extensions.	
Turner & Sons, Toronto	- Cr.			81	00
Invoice 1/8/190—.					
A. Brown	- - - Dr.				
7 yds. Tweed	- - 1.25			8	75
C. H. Laidlaw					
10 yds. Print	- - @ 12 $\frac{1}{2}$ c.	1	25		
8 yds. Cotton	- - @ 7 $\frac{1}{2}$ c.		60	1	85

London, Aug. 19, 190—.

Ogilvie Milling Co.	- - - Cr.				
Invoice, Flour				440	00
21					
Ogilvie Milling Co.	- - - Dr.				
Sight Draft paid	- - -			440	00
By Check No. --					

Review Exercises.—Sets 2 and 3 may be continued by Double Entry by journalizing all the above transactions and posting in a new Ledger opened with the balances from the Ledger a/cs closed on July 15 and Aug. 17. Allow $\frac{1}{4}$ page to each a/c opened.

Results will be the same as those obtained by Single Entry.

Examination Tests.—The teacher will find Sets 1, 2 and 3 valuable examination tests of the student's knowledge of the various books explained in Chapters III and IV, by recording the transactions as follows:—

1. Journalize all cash transactions in the Cash Book;

“ all notes in the Bill Books;

“ all purchases of goods in the Invoice Book;

“ all cash sales in a special column of the Cash Book;

“ all other sales of goods in the Sales Book;

“ all transactions not included in the above, in the Journal.

2. Post all entries found in above-named books.

3. Take off a Trial Balance.

4. Make financial statements showing Net Gain or Net Loss and Present Net Worth.

Results will be the same as those obtained in Chapter III.

CHAPTER V.

SET 5.

COMMISSION BUSINESS.

Sept. 14, 190—.

Student having received an offer of \$5 per week to take charge of the Commission Department of A. Murray's Wholesale Fruit Business, has to-day resigned his position with Mr. Worthy and will assume his new duties with Mr. Murray on Monday next, 16th inst.

The books of record in connection with this department are:—RECEIVING BOOK, SALES BOOK, LEDGER, and CASH BOOK.

Receiving Book (See specimen on p. 75).—All the incoming shipments from the growers are recorded in this book, as soon as they are delivered by the Express Co., or the Freight Department of the Railway Co. The numbers of the consignments in the **left margin**, called the **receiving numbers**, run consecutively throughout the business year, and are recorded merely to indicate approximately the volume of business done. The numbers placed to the **right of the shippers' names** are the **shippers' numbers**, and are used instead of their names in tabulating sales from various lots of goods when business is heavy. These numbers are, at the beginning of the season, assigned by the commission merchant to the shippers, who stamp them on all goods before shipment is made. In some offices such commission goods are recorded in all the books under the **number** instead of the **name** of the shipper.

A memo. of charges should follow each receiving entry, showing the particular Co. receiving the transportation charges and any other charges incurred in receiving the goods.

Sales Book (See specimen on p. 75).—As all the sales from this department are supposed to be for cash, the Sales Book is practically a record of cash sales. A special charge column is made, however, for sales to regular retail customers who may ask for two or three days' credit. In such cases the purchaser's name is entered with the items of the sale, and at the close of the day's business all such charge sales are debited to the purchasers' a/cs. These charge items must be settled for, at or before the end of the week, as Account Sales are rendered to the shippers every Monday morning, and remittances then made for the proceeds of the previous week's shipments.

Ledger.—Ledger a/cs are kept with the various shippers, and with those customers who buy on short terms of credit as stated above. As soon as convenient after the consignments are entered each day in the Receiving Book, the memos. of charges should be debited to the a/cs of the respective shippers. At the close of the day's business, the sales are credited to the a/cs of the respective shippers, indicated by the numbers in the margin of the Sales Book, from which the posting is done. It is preferable to post all sales from one consignment to the shipper's a/c before proceeding with the other sales, and as each sale is posted it should be checked in the Sales Book. (See S. A. King's A/c and check marks on No. 44 Consignment.) Reports are made daily from these Ledger a/cs and forwarded to the shippers, showing the quantity of, and prices received for, their goods sold during the day. These reports may be typewritten or made on Stamped Post Cards as per specimens and should be mailed not later than the following morning.

Cash Book (See specimen on p. 77).—Entries of Cash Sales and transportation charges paid, are made in total at the close of each business day from the Sales Book and Receiving Book respectively, and the Cash Book balanced with the cash in till.

SPECIMEN RECEIVING BOOK.

Monday, Sept. 16, 190—.

<p>Receiving entries Nos. 651, 654, showing the kind and quantity of fruit received, by whom shipped, and the amount of transportation charges paid thereon when received.</p>	651	S. A. King	Blenheim 44
		10-10 qt. Peaches, No. 1	
		40-6 qt. Grapes	
		Dom. Express, \$3.80.	
<p>The name of the transportation Co. must always be stated to facilitate future tracings.</p>	654	Chas. Leggett	Grimsby 38
		4½ Bbls. Pears	
		G.T.R., \$2.16.	

SPECIMEN SALES BOOK.

(Showing record of one day's sales.)

Monday, Sept. 16, 190—.

		Cash Sales.		Charge Sales.	
<p>The figures in left marginal column are the shippers' Nos. stamped on the box, basket, or other receptacle containing the fruit, and indicate the a/cs to which the sales will be posted.</p>	46	20-10 Pchs. - - - -	60c.	12	00
	25	12 qts. Thim. Berries - - - -	9c.	1	08
	38	1 bus. Pears - - - -		1	00
	25	15-10 Tomatoes - - - -	30c.	4	50
	33	2-10 Pchs. - - - -	60c.	1	20
	33	1-10 " - - - -			60
	33	9-10 " - - - -	60c.	5	40
	25	3-8 " - - - -	40c.	1	20
<p>The two Nos. in explanatory column, separated by a short dash, indicate the No. and size of the box, basket, etc. Thus 20-10 in the first entry indicates 20-10 qt. baskets.</p>	46	S. S. Worthy, Pall Mall—			
	33	5-10 Pchs. - - - -	60c.		3 00
		5-10 " - - - -	60c.		3 00
	44	10-6 Grapes - - - -	20c.	2	00
	25	12-10 Tomatoes - - - -	30c.	3	60
	38	2 Bu. Pears - - - -	1.00	2	00
	25	4-10 Tomatoes - - - -	30c.	1	20
	25	12 qts. Thim. Berries - - - -	9c.	1	08
<p>The check marks on No. 44 indicate that all sales for the day from S. A. King's consignment have been posted to his a/c in the Ledger.</p>	33	2-10 Pchs. - - - -	60c.	1	20
	25	4-10 " - - - -	60c.	2	40
		H. Catalino, Dundas St.—			
	38	1 Bbl. Pears - - - -			2 40
	✓ 44	10-10 Pchs. - - - -	57½c.		5 75
		Sales for day - - - -		40	46 14 15
<p>The goods sold to the two retail dealers not being paid for by them when delivered, will be charged to their a/cs when posting sales for the day.</p>					

Specimen of stamps found on all consignments of fruit from S. A. King and Chas. Leggett, showing the number assigned to each, and by which each shipper's fruit is known in A. Murray's books.

FROM 38
TO

A. MURRAY
A. LONDON, ONT.

FROM 44
TO

A. MURRAY
A. LONDON, ONT.

SPECIMEN LEDGER A/C.

(Showing week's business posted.)

S. A. King, Blenheim, 44.

190— Sept.					190— Sept.								
16	Dom. Exp.	-	3	80	16	10-6 Grapes	-	-	-	20c.	2	00	
17	Dom. Exp.	-	1	15	16	10-10 Pchs.	-	-	-	57½c.	5	75	
17	Com.	-	1	93	17	20-6 Grapes	-	-	-	25c.	5	00	
17	Net Proceeds	-	12	37	17	10-6 "	-	-	-	25c.	2	50	
					17	20-6 "	-	-	-	20c.	4	00	
			19	25							19	25	
18	Dom. Exp.	-	9	80	18	40-10 Pchs.	-	-	-	65c.	26	00	
	Com.	-	4	25	18	50-6 Grapes	-	-	-	20c.	10	00	
	Net Proceeds	-	28	45	18	10-10 Pchs.	-	-	-	65c.	6	50	
			42	50							42	50	
19	Dom. Exp.	-	6	80	19	20-10 Pchs.	-	-	-	65c.	13	00	
20	Com.	-	3	60	19	15-6 Grapes	-	-	-	20c.	3	00	
	Net Proceeds	-	25	60	20	20-10 Pchs.	-	-	-	60c.	12	00	
					20	10-6 Grapes	-	-	-	20c.	2	00	
			36	00	20	10-10 Pchs.	-	-	-	60c.	6	00	
21	Dom. Exp.	-	6	80							36	00	
	Com.	-	3	10	21	50-6 Grapes	-	-	-	20c.	10	00	
	Net Proceeds	-	21	10	21	20-10 Plums	-	-	-	55c.	11	00	
			31	00	21	20 10 "	-	-	-	50c.	10	00	
23											31	00	
	Paid by Draft	-	87	52									

DAILY MARKET REPORTS.

DAILY MARKET REPORTS.

Dear Sir,— London, Sept. 16, 190—.

Fruit sold to-day as follows:—

.....	Crts. Melons.....	
.....	" Berries.....	
10-10	Bsk. Peaches 57½c.	5.75
.....	" Plums.....	
.....	" Pears.....	
10-6	" Grapes 20c.	2.00
		7.75

Memo.

Dom. Express 3.80

Balance of to-day's consignment not sold.

Yours truly,

A. Murray.

Dear Sir,— London, Sept. 17, 190—.

Fruit sold to-day as follows:—

.....	Crts. Melons.....	
.....	" Berries.....	
.....	Bsk. Peaches.....	
.....	" Plums.....	
.....	" Plums.....	
.....	" Pears.....	
30-6	" Grapes 25c.	7.50
20-6	" " 20c.	4.00

Memo.

Sales, Sept. 17, 11.50

Sales, " 16, 7.75

Express, 16th, 3.80; 17th, 1.15. . . 19.25

Commission, 1.93 6.88

Net Proceeds 12.37

Yours truly,

A. Murray.

DAILY MARKET REPORTS.

ACCOUNT SALES.

London, Sept. 20, 190—.

Dear Sir,—

Fruit sold to-day as follows:—

.....	Crts. Melons.....	
.....	" Berries.....	
30-10 Bsk.	Peaches 60c.	18.00
.....	" Plums.....	
.....	" Pears ..	
10 6	" Grapes 20c.	<u>2.00</u>

Memo.

Sales, Sept. 20,	- - - - -	20.00
Sales, " 19,	- - - - -	16.00
		<u>36.00</u>
Com. \$3.60 ; Exp. \$6.80	- - - - -	10.40
Net Proceeds	- - - - -	<u>\$25.60</u>

Yours truly,

A. Murray.

London, Ont., Sept. 23, 190—.

ACCOUNT SALES OF Fruit,

BY A. MOUNT.

For account and risk of

S. A. King,

Blenheim.

Consignment received 16, 17, 18, 19, 21.

17	Net Proceeds	- - - - -	12	37
18	"	- - - - -	28	45
20	"	- - - - -	25	60
21	"	- - - - -	21	10
	Total	- - - - -	87	52

Dear Sir,—

We enclose Bank Draft to cover proceeds, as above, all of which we trust will be satisfactory. Soliciting your further favors,

We are,

Yours truly,

A. Murray.

SPECIMEN CASH BOOK.

(Commission Department.)

	190—.					
Sept.	16	Balance on hand	- - - - -	20	00	
"	16	Cash Sales	- - - - -	40	76	
"	16	Express \$2.50, 3.80, 2 80, 7.60 ; C.P.R. 2.16				18 86

Rule 6 pages of your Blank Book for a Receiving Book, 6 pages for a Sales Book, and 1 page for a Cash Book. Write the name of the book at the top of each page, according to specimens given.

NOTE.—All these books may be opened consecutively in the journal ruling of your Blank Book.

EXERCISE LII.

Write Monday's office work as follows:—

1. Record all entries in the Receiving Book and Sales Book. (See specimen entries in these books.)
2. Open a ledger a/c for each shipper and retail purchaser on a/c and post therein all sales for the day, checking each item in the Sales Book as it is posted. Allow 1 page for each a/c. (See S. A. King's a/c, and specimen check marks in Sales Book.)
3. Find the total cash sales from the Sales Book, also the total payments for express charges and enter both in the Cash Book. (See specimen entries in the Cash Book.) Balance the Cash Book with the till cash and place both in the safe for the night.
4. Make out a Report for every shipper whose goods were sold to-day, showing prices at which sales were made. File under head of "Letters." (See Reports to S. A. King, dated Sept. 16, 17 and 20.)

NOTE.—These Reports may be made out Tuesday morning before beginning the day's business, but should be forwarded by first mail.

Results:—Cash on hand \$ 1.60.

A/c closed to-day ; No. 46.

EXERCISE LIII.

Write out Tuesday's office work as follows:—

1. Record Tuesday's business in Receiving Book and Sales Book.
2. Post all sales to the Ledger, checking Sales Book entries.
3. Enter cash receipts and payments for the day in the Cash Book. Balance the Cash Book with the cash in till, and place both in the safe.
4. Prepare Reports for shippers of all sales to-day.

Results:—Cash on hand \$117.97.

A/cs closed to-day ; Nos. 40, 44, 33, 25.

EXERCISE LIV.

Write Wednesday's office work.

Results:—Cash on hand \$204.82.

A/cs closed to day ; Nos. 38, 44, 43,
45, 25.

Monday, Sept. 23,

1. After writing out an Account Sales from each ledger a/c, for the previous week's business (See Account Sales of S. A. King's consignments p. 77) make out Requisitions to the Manager of the Commercial Bank of Canada, for bank drafts in favor of the shippers for the amounts due them, as shown by the Account Sales.

2. Write out each draft ready for the signature of the Bank Manager, who in this case will be your teacher (A. Principal). Make each payable at the branch of the Commercial bank where the payee resides.

Face Value of Drafts	\$448.73
Cost of Drafts at 15c. each	\$ 1.20
Total Cash paid to bank	\$449.93

3. Enter these payments in the Cash Book, charging each shipper with the amount of draft in his favor, and the cost of drafts to either Expense or Exchange A/c.

4. After closing each ledger a/c, with the amount of draft, mark each thus: "Paid by draft Sept. 23." (See S. A. King's A/c p. 76.)

5. Place each Account Sales with the draft accompanying it, and requisition for the same, and file all under the head of Account Sales.

NOTE.—The Market Reports may be made out each day for those shippers only whose goods were all sold.

EXERCISE LV.

Write Thursday's office work.

Results:—Cash on hand \$249.67.

A/cs closed to-day ; Nos. 40, 38, 33.

EXERCISE LVI.

Write Friday's office work.

H. Catalino paid his a/c in full.

Results:—Cash on hand \$301.77.

A/cs closed to-day ; Nos. 46, 44.

EXERCISE LVII.

Write Saturday's office work.

Wm. McGuffin, W. M. Worthy, and Wm. Gowdy
paid a/cs in full.

Results:—Cash on hand \$539.88.

A/cs closed to-day ; Nos. 46, 33, 38,
45, 43, 40, 44.

EXERCISE LVIII.

MEMO. OF RECEIVING ENTRIES.

Monday, Sept. 16.

- 650 G. A. Champ, Winona, 46.
25-10 qt. Peaches, No. 1.
Dom. Express, \$2.50.
- 651 S. A. King, Blenheim, 44.
10-10 qt. Peaches, No. 1.
40-6 qt. Grapes.
Dom. Express, \$3.80.
- 652 Morden, Fitch & Co., Jordan, 33.
30-10 qt. Peaches, No. 1.
20-8 qt. Peaches, No. 2.
Dom. Express, \$2.80.
- 653 Samuel Burner, Stoney Creek, 25.
14-10 qt. Peaches, No. 1.
3-8 qt. Peaches, No. 2.
60-10 qt. Tomatoes.
1 crate, 24 qts. Thimbleberries.
Can. Express, \$7.60.
- 654 Chas. Leggett, Grimsby, 38.
4½ bbls. Pears.
C. P. R. \$2.16.

Tuesday, Sept. 17.

- 655 Samuel Burner, Stoney Creek, 25.
7-10 qt. Flemish Beauty.
5-10 qt. Peaches No 1.
Dom. Express, \$1.15.
- 656 F. F. Honsberger, St. Catharines, 40.
16-10 qt. Plums.
20-10 qt. Peaches, No 1.
10-8 qt. Peaches, No 2.
Dom. Express, \$4.08.
- 657 J. A. Book, Bronte, 45.
40-8 qt. Peaches, No 2.
Can. Express, \$3.75.
- 658 Chas. Leggett, Grimsby, 38.
50-15 qt. Grapes.
Dom. Express, \$1.85.
- 659 Geo. Turner, Orillia, 43.
100 Huckleberries.
Can. Express, \$7.80.
- 660 S. A. King, Blenheim, 44.
20-6 qt. Grapes.
Dom. Express \$1.15.

Wednesday, Sept. 18.

- 661 Morden, Fitch & Co., Jordan, 33.
10-10 qt. peaches, No 1.
20-8 qt. Peaches, No 2.
10-10 qt. Plums.
Dom. Express \$5.40.
- 662 F. F. Honsberger, St. Catharines, 40.
25-10 qt. Peaches, No 1.
25-8 qt. Peaches, No 2.
40-10 qt. Tomatoes.
50-6 qt. Grapes.
Dom. Express, \$10.60.
- 663 S. A. King, Blenheim, 44.
50-10 qt. Peaches, No 1.
50-6 qt. grapes.
Dom. Express, \$9.80.
- 664 Samuel Burner, Stoney Creek, 25.
2 crates, 48 qts. Thimbleberries.
Dom. express, \$1.60.

Thursday, Sept. 19.

- 665 G. A. Champ, Winona, 46.
50-10 qt. Tomatoes.
30-10 qt. Peaches, No 1.
Dom. Express, \$7.60.
- 666 Chas. Leggett, Grimsby, 38.
5-10 qt. Flemish Beauty.
10-8 qt. Bartletts.
Dom. Express, \$1.05.
- 667 S. A. King, Blenheim, 44.
50-10 qt. Peaches, No 1.
25-6 qt. Grapes.
Dom. Express, \$6.80.
- 668 Morden, Fitch & Co., Jordan, 33.
10-10 qt. Plums.
20-8 qt. Plums.
12-6 qt. Grapes.
Dom. Express, \$4.80.
- 669 Geo. Turner, Orillia, 43.
50 Huckleberries.
Can. Express, \$3.15.

Friday Sept. 20.

- 670 G. A. Champ, Winona, 46.
25-10 qt. Peaches, No 1.
10-12 qt. Plums.
10-12 qt. Pears.
Dom. Express, \$3.15.
- 671 Chas. Leggett, Grimsby, 38.
10-10 qt. Peaches, No 1.
10-8 qt. Peaches, No 2.
1 case, 24 qts. B. Berries.
Dom. Express, \$3.40.
- 672 Geo. Turner, Orillia, 43.
50 Huckleberries.
Dom. Express, \$5.50.
- 673 J. A. Book, Bronte, 45.
50-6 qt. Grapes.
20-8 qt. plums.
30-10 qt. Flemish Beauty.
Can. Express, \$8.60.

Saturday, Sept. 21.

- 674 G. A. Champ, Winona, 46.
20-10 qt. Peaches, No 1.
Dom. Express, \$2.80.
- 675 Chas. Leggett, Grimsby, 38.
10-10 qt. Pears.
10-8 qt. Peaches.
Can. Express, \$1.25.
- 676 S. A. King, Blenheim, 44.
50-6 qt. Grapes.
40-10 qt. Plums.
Dom. Express, \$6.80.
- 677 Morden, Fitch & Co., Jordan, 33.
30-10 qt. Peaches, No 1.
Dom. Express, \$3.45.
- 678 F. F. Honsberger, St. Catharines, 40.
3 crates, 72 qts. B. Berries.
Dom. Express, \$1.75.
- 679 J. A. Book, Bronte, 45.
60-10 qt. Peaches, No 1.
Can. Express, \$3.25.

Monday, Sept. 16.			Cash.		Charge.		Wednesday, Sept. 18.			Cash.		Charge.	
46	20-10 Peaches, No. 1	- 60c.	12	00			33	10-10 Peaches, No. 1	- 65c.	6	50		
25	12 qts. Thim. Berries	- 9c.	1	08			40	5-8 Peaches, No. 2	- 40c.	2	00		
38	1 Bu. Pears	-	1	00			25	1 Crate Thim. Berries	-	2	50		
25	15-10 Tomatoes	- 30c.	4	50			40	10-10 Peaches, No. 1	- 60c.	6	00		
33	2-10 Peaches, No. 1	- 60c.	1	20			40	5-8	- 45c.	2	25		
33	1-10	-		60									
33	9-10	- 60c.	5	40				S. S. Worthy, Pall Mall—					
25	3-8 Peaches, No. 2	- 40c.	1	20			40	10-10 Peaches, No. 1	- 50c.		5	00	
	S. S. Worthy, Pall Mall—						40	5-8 " No. 2	- 35c.		1	75	
46	5-10 Peaches, No. 1	- 60c.			3	00	45	20-8 " No. 2	- 30c.		6	00	
33	5-10	- 60c.			3	00							
44	10-6 Grapes	- 20c.	2	00			38	20-15 Grapes	- 35c.	7	00		
25	12-10 Tomatoes	- 30c.	3	60			43	30 Huckleberries	- 35c.	10	50		
38	2 Bu. Pears	- 1.00	2	00			25	1 Crate Thim. Berries	-	2	50		
25	4-10 Tomatoes	- 30c.	1	20			44	40-10 Peaches, No. 1	- 65c.	26	00		
25	12 qts. Thim. Berries	- 9c.	1	08			33	10-8 " No. 2	- 50c.	5	00		
33	2-10 Peaches, No. 1	- 60c.	1	20			45	10-8 " No. 2	- 50c.	5	00		
25	4-10	- 60c.	2	40			44	50-6 Grapes	- 20c.	10	00		
	H. Catalino, Dundas St.—						44	10-10 Peaches, No. 1	- 65c.	6	50		
38	1 Bbl. Pears	-		2 40			40	20-10 Tomatoes	- 30c.	6	00		
44	10-10 Peaches, No. 1	57½c.		5 75			33	10-10 Plums	- 60c.	6	00		
	Sales for day		40	46	14	15	45	2-8 Peaches, No. 2	- 45c.		90		
							45	4-8 " No. 2	- 45c.	1	80		
							45	4-8 " No. 2	- 45c.	1	80		
							40	5-10 " No. 1	- 60c.	3	00		
							40	10-10 Tomatoes	- 30c.	3	00		
	Tuesday, Sept. 17.							Wm. McGuffin, Queen's Grocery—					
40	5-10 Peaches, No. 1	- 60c.	3	00			40	50-6 Grapes	- 18c.		9	00	
25	10-10 Tomatoes	- 30c.	3	00			40	10-8 Peaches, No. 2	- 35c.		3	50	
25	2-10 Fl. Beauty	- 85c.	1	70				Sales for day		114	25	25	25
40	6-10 Plums	- 60c.	3	60									
38	1 Bu. Pears	-	1	00									
25	3-10 Peaches, No. 1	- 60c.	1	80				Thursday, Sept. 19.					
40	5-10	- 60c.	3	00			46	5-10 Peaches, No. 1	- 65c.	3	25		
38	20-15 Grapes	- 60c.	12	00			33	10-8 " No. 2	- 50c.	5	00		
44	20-6	- 25c.	5	00			43	10 Huckleberries	- 40c.	4	00		
33	10-8 Peaches, No. 2	- 40c.	4	00			40	10-10 Tomatoes	- 25c.	2	50		
25	8-10 Peaches, No. 1	- 60c.	4	80			33	2-6 Grapes	- 20c.		40		
43	20 Huckleberries	- 40c.	8	00			33	12-8 Plums	- 45c.	5	40		
44	10-6 Grapes	- 25c.	2	50			38	2-8 Bartlett P.	- 35c.		70		
38	10-15	- 60c.	6	00			38	2-10 Fl. Beauty	- 60c.	1	20		
40	10-10 Peaches, No. 1	- 60c.	6	00			46	10-10 Peaches, No. 1	- 60c.	6	00		
	Wm. McGuffin, Queen's Grocery—						46	H. Catalino, Dundas St.—					
38	1 Bbl. Pears	-		2 25			46	25-10 Tomatoes	- 25c.		6	25	
25	19-10 Tomatoes	- 25c.		4 75			46	15-10 Peaches, No. 1	- 60c.		9	00	
25	4-10 Peaches, No. 1	- 50c.		2 00			38	3-10 Fl. Beauty	- 60c.		1	80	
40	10-8 Peaches, No. 2	- 35c.		3 50			38	6-8 Bartlett P.	- 35c.		2	10	
	Wm. Gowdy, Elora Road—						43	10 Huckleberries	- 40c.	4	00		
33	11-10 Peaches, No. 1	- 50c.		5 50			44	20-10 Peaches, No. 1	- 65c.	13	00		
44	20-6 Grapes	- 20c.		4 00			33	8-8 Plums	- 45c.	3	60		
33	10-8 Peaches, No. 2	- 40c.		4 00			33	10-6 Grapes	- 20c.	2	00		
							38	2-8 Bartlett Pears	- 35c.		70		
25	5-10 Fl. Beauty	- 85c.	4	25			33	10-10 Plums	- 55c.	5	50		
40	10-10 Plums	- 65c.	6	50			43	20 Huckleberries	- 40c.	8	00		
43	50 Huckleberries	- 40c.	20	00			44	15-6 Grapes	- 20c.	3	00		
	Sales for day		96	15	26	00		Sales for day		68	25	19	15

MEMO. OF SALES—(continued).

			Cash.		Charge.					Cash.		Charge.	
Friday, Sept. 20.							Saturday, Sept. 21.						
46	20-10 Tomatoes	- 25c.	5	00			38	10-10 Peaches, No. 1	- 65c.	6	50		
46	5-10 Peaches, No. 1	- 55c.	2	75			38	10-8 " No. 2	- 55c.	5	50		
44	20-10 " No. 1	- 60c.	12	00			38	12 qts. B. Berries	- 10c.	1	20		
44	10-6 Grapes	- 20c.	2	00			43	25 Huckleberries	- 50c.	12	50		
46	10-10 Peaches, No. 1	- 50c.	5	00			38	10-10 Pears	- 60c.	6	00		
43	25 Huckleberries	- 40c.	10	00			38	10-8 Peaches, No. 2	- 55c.	5	50		
S. S. Worthy, Pall Mall—							45	10-10 Flemish Beauty	- 75c.	7	50		
46	10-10 Peaches, No. 1	- 65c.			6	50	40	1 Crate B. Berries	- 12c.	2	88		
46	10-12 Plums	- 75c.			7	50	44	50-6 Grapes	- 20c.	10	00		
46	10-12 Pears	- 60c.			6	00	44	20-10 Plums	- 55c.	11	00		
46	5-10 Tomatoes	- 20c.			1	00	40	14 B. Berries	- 12c.	1	68		
45	30-6 Grapes	- 25c.	7	50			43	10 Huckleberries	- 50c.	5	00		
38	12 qts. B. Berries	- 10c.	1	20			40	20 B. Berries	- 10c.	2	00		
Wm. McGuffin, Queen's Grocery—							44	20-10 Plums	- 50c.	10	00		
45	20-6 Grapes	- 20c.			4	00	40	14 B. Berries	- 10c.	1	40		
45	20-8 Plums	- 45c.			9	00	Auction Sale on Market.						
45	10-10 Flemish Beauty	- 75c.			7	50	45	60-10 Peaches, No. 1	- 50c.	30	00		
44	10-10 Peaches, No. 1	- 60c.			6	00	45	10-10 Flemish Beauty	- 75c.	7	50		
Sales for day							46	20-10 Peaches, No. 1	- 50c.	10	00		
							33	30-10 " No. 1	- 55c.	16	50		
Sales for day							Sales for day						
45 45							152 66						

After one week's experience in this department, Mr. Murray asks for any suggestions you may have for lessening the office work, in recording receipts, sales and settlements of the Commission Goods.

EXERCISE LIX.

1. What change could you suggest to lessen your work and still have a complete record of all the Commission Business done.

2. Could the shippers' a/cs in the Ledger be dispensed with? If so, where could the sales of their goods and net proceeds therefrom be accurately recorded?

3. By allowing extra space for each receiving entry could the sales from all consignments be recorded in the Receiving Book? What objection would there be to this method?

4. Could the Commission and other charges be deducted from the total sales, and the Net Proceeds shown in the original entry? (See the following example No. 1.)

5. If so, could the Account Sales for each shipper be made out from the various receiving entries, and each receiving entry stamped "Paid" when remittances are made? (See following example No. 2.)

RECEIVING BOOK.

No. 1. Showing receiving entry No. 651, with total sales and commission entered Tuesday night, Sept. 17th, after the Consignment was closed.	651	<i>S. A. King, Blenheim 44.</i>		
		10-10 qt. Peaches, No. 1	19	25
		40-6 qt. Grapes		
		<i>Dom. Express \$4.95. Com. \$1.93</i>	6	88
		<i>Net Proceeds</i>	12	37
No. 2. Showing receiving entry No. 651 marked "Paid," Monday, 23rd inst., after bank draft was forwarded for net proceeds.	651	<i>S. A. King, Blenheim 44.</i>		
		10-10 qt. Peaches, No. 1	19	25
		40-6 qt. Grapes		
		<i>Dom. Express \$4.95. Com. \$1.93</i>	6	88
		<i>Net Proceeds</i>	12	37

PAID

Mr. Mount agrees to your proposal to abolish the Commission Ledger, and requests the following additional changes in keeping the Commission Books.

1. No Ledger a/c's to be opened for customers who buy commission goods on short credits. All such sales are to be recorded by filing the bills, and when collections are made at the end of the week the amounts so collected to be counted as cash for the day.
2. All cash receipts and payments for commission goods to be entered each day in total in the General Cash Book as well as in the Commission Cash Book.
3. The Cash on hand each night to be given to the chief accountant in Wholesale Department, who will deposit it with the other cash. \$20 dollars change to be retained in the Commission Department every night to start the next day's business.

4. All payments to shippers hereafter to be made by check, on Commercial bank of Canada, London.

5. This method may be adopted by the student and the week's work re-written to demonstrate the saving of office work.

EXERCISE LX.

1. Below will be found a specimen of the Cash Book used in the Wholesale Department, with entries for the week, Sept. 16-21.
2. Rule extra credit columns for Commission Goods and record the cash from the Commission Department for the week with that of the Wholesale Department. Make the closing entries on Sept. 21, and carry the balances forward on Sept. 23.
3. Prove that recording the Cash from the Commission Department will not affect the equilibrium of the General Ledger.

CASH BOOK (Wholesale Department).

Dr.

Date.	L. F.	Sundries.	Misc.	Bank Cr. Checks.
Sept. 16		194 36		
" 17		46 00		
" 18		86 00	86 00	
" 19		32 70		32 50
" 20		16 18		16 18
" 21		32 33	32 33	
" 22		150 00		
" 23		250 00		
" 24		27 60	27 60	
" 25		46 34		
" 26		40 25	40 25	
" 27		186 00		186 00
" 28		246 12		246 12
" 29		52 00	52 00	
" 30		68 00		
" 31		1375 68		271 26
" 32		1375 68	238 18	742 06
" 33		271 26	Folio 295	
" 34		25 38		

*Red ink.

Date.	L. F.	Sundries.	Expense.	Bank Dr. Deposits.
Sept. 16		194 36		194 36
" 17		100 00		100 00
" 18		32 50	32 50	
" 19		16 18	16 18	
" 20		147 70		147 70
" 21		2 30		
" 22		186 00		
" 23		100 00		
" 24		300 00		300 00
" 25		1079 04		
" 26		271 26		
" 27		25 38		
" 28		1375 68	48 68	742 06
" 29		Folio 299		

SET 6.

COAL AND WOOD BUSINESS.

Books used.—COAL JOURNAL, WOOD JOURNAL, CASH BOOK, INVOICE BOOK AND LEDGER.

Business Forms.—DELIVERY VOUCHERS, MONTHLY STATEMENTS, RECEIPTED BILLS.

Name of your P.O. or R.R. Station, Nov. 1, 190—.

(Student's Name) has this day bought out the Coal and Wood Business of John Collier, agreeing to pay cash \$2,500, and the balance of purchase price by three promissory notes, each for equal amounts, payable at 9, 12, and 15 mos. respectively without interest, at the Commercial Bank of Canada. The Stock was taken at Invoice prices, as follows:—

WOOD.				COAL.			
80 cords 44 in. - - - -	@	\$4.00	\$320.00	70 tons Egg - - - -	@	\$5.00	\$350.00
20 " 12 in. Blocks - - -	@	5.00	100.00	50 " Stove - - - -	@	5.10	255.00
24 " 16 in. Blocks - - -	@	5.00	120.00	80 " Nut - - - -	@	5.25	420.00
30 " 12 in. Split - - -	@	5.50	165.00	100 " St. Lump - - - -	@	4.00	400.00
40 " 16 in. Split - - -	@	5.50	220.00	50 " Pea - - - -	@	3.60	180.00
100 bunches Kindling - - -	@	.03	3.00	100 " Poca. - - - -	@	4.00	400.00
10 cords Knots - - - -	@	4.00	40.00	20 " Blacksmith - - - -	@	2.00	40.00
<u>\$968.00</u>				<u>\$2,045.00</u>			

STABLE AND YARD:—2 teams of horses, \$450; 4 waggons, \$75; 4 sleighs, \$60 - - - \$585.00

" " Harness and stable utensils, \$75; hay, \$20; oats, \$10 - - - 105.00

OFFICE FURNITURE:—Desk, \$10; safe, \$45; books, \$8.00 - - - 63.00

WOOD (as per statement) - - - - - 968.00

COAL (as per statement) - - - - - 2,045.00

Total - - - - - \$3,766.00

Cash Payment - - - - - \$2,500.00

Face of Note at 9 mos. - - - - - 422.00

Face of Note at 12 mos. - - - - - 422.00

Face of Note at 15 mos. - - - - - 422.00

Total - - - - - \$3,766.00

Rented Office, Yards and Stable on College Square from J. Merchant at \$30 per month. Engaged as teamsters Jno. Weaver and Jas. Collier at \$9.00 per week, as per written agreement.

Having \$200 after making the Cash payment, Student deposited \$150 in the Commercial Bank of Canada, paid $\frac{1}{2}$ month's rent in advance, and placed \$35.00 in the till.

All sales to be computed from the accompanying Price List.

RETAIL PRICE LIST.

WOOD.							COAL.						
44 in.	12 in. B.	16 in. B.	12 in. Sp.	16 in. Sp.	Knots.	Kinds.	St'm Lump	Egg.	Stove.	Nut.	Poca.	Pea.	Black-smith.
5.00	6.00	6.00	7.00	7.00	4.50	.05	5.00	7.00	7.00	7.00	5.50	5.00	2.00

Memo. of Sales as per Delivery Vouchers:—

Nov. 3.—R. Nelson, Guelph St., 2,000 lbs. Stove, 2,000 lbs. Nut, 4,500 lbs. Poca. J. Francis, Thorn St., 2,000 lbs. Egg, 2,000 lbs. Stove, 2,000 lbs. Nut. D. Young, Paisley St., 4,000 lbs. Egg. F. Ash, Markham St., 4,000 lbs. Egg, 4,000 lbs. Nut. A. Gammage, Oxford St., 20,360 lbs. Steam Lump.

J. Trull, Main St., 1 cord 44 in., $\frac{1}{2}$ cord 12 in. B. Jas. Andrews, Miami St., $\frac{1}{2}$ cord 12 in. B., $\frac{1}{2}$ cord Knots. S. Redditt, Barrie St., $\frac{1}{2}$ cord 12 in. B., $\frac{1}{2}$ cord 16 in. B. Cash sales $\frac{1}{2}$ cord 44 in., $\frac{1}{2}$ cord 12 in. B., $\frac{1}{2}$ cord 16 in. B. Cash sales 4,000 lbs. Egg, 6,000 lbs. Stove, 1,000 lbs. Nut.

Memo. of Sales as per Delivery Vouchers (Continued).

- Nov. 4.—J. Daly, Avon St., 6,000 lbs. Egg, 4,000 lbs. Nut.
 J. Bennoch, Daly Terrace, 4,000 lbs. Stove, 2,000 lbs. Nut.
 J. Hodd, Classic Mills, 10,060 lbs. Steam Lump.
 J. McNab, Claremont St., 4,000 lbs. Pocahontas.
 R. Millard, Exeter St., $\frac{1}{2}$ cord 12 in. B. (Blocks), 12 in. Sp. (Split)
 Alf. Collins, Stouffer St., $\frac{1}{2}$ cord 44 in., $\frac{1}{2}$ cord 12 in. Sp., $\frac{1}{2}$ cord Knots.
 Cash Sales, 1 cord 16 in. B., $\frac{1}{2}$ cord Knots, 10 bunches Kindling.
 “ 2,000 lbs. Egg, 2,000 lbs. Stove, 2,500 lbs. Nut.
- Nov. 5.—W. Wiley, Centre St., 4,000 lbs. Nut.
 F. Woods, Orchard St., 2,000 lbs. Egg, 2,000 lbs. Nut.
 T. E. Law, Leask St., 2,000 lbs. Stove.
 P. McNelly, Zephyr St., 2,000 lbs. Poca., 2,000 lbs. Pea.
 A. G. Henderson, Whitby St., 32,560 lbs. Steam Lump.
 J. W. Holmes, $\frac{1}{2}$ cord 44 in., $\frac{1}{2}$ cord 12 in. Sp.
 J. W. Totten, Markham St., $\frac{1}{2}$ cord Knots.
 Wm. Tytler, Paisley St., $\frac{1}{2}$ cord 12 in. B., $\frac{1}{2}$ cord 12 in. Sp.
 Cash Sales, 1 cord Knots, 5 bunches Kindling.
 “ 500 lbs. Stove, 500 lbs. Nut, 4,000 lbs. Pea.
- Nov. 6.—Mrs. A. Wood, 7th Line, 4,000 lbs. Stove, 4,000 lbs. Nut.
 Adam Scott, Markham St., 2,000 lbs. Egg, 2,000 lbs. Nut.
 Jno. German, Wellington Hotel, 6,000 lbs. Poca.
 D. Martin, St. Mary St., 2,000 lbs. Egg, 2,000 lbs. Stove, 500 lbs. Nut.
 J. Spink, Pickering Mills, 5 cords 44 in., 5 cords Knots.
 Mrs. A. Wood, 7th Line, 10 bunches Kindling.
 Cash Sales, 1 cord 12 in. B., $\frac{1}{2}$ cord 16 in. B., $\frac{1}{2}$ cord Knots.
 Cash Sales, 1,000 lbs. Egg, 1,000 lbs. Stove, 2,500 lbs. Poca.
- Nov. 7.—J. McMahon, Liberal Office, 10,200 lbs. Steam Lump.
 A. Rawson, Brock Road, 2,000 lbs. Egg, 2,000 lbs. Pea.
 S. Stubbs, Stratford St., 4,000 lbs. Poca.
 A. G. Henderson, 4 cords 44 in., $\frac{1}{2}$ cord 16 in. B., $\frac{1}{2}$ cord 16 in. Sp.
 P. McNelly, $\frac{1}{2}$ cord 12 in. B., $\frac{1}{2}$ cord 12 in. Sp.
 F. Woods., $\frac{1}{4}$ cord 16 in. B., $\frac{1}{4}$ cord 16 in. Sp.
 Cash Sales, $\frac{1}{2}$ cord 12 in. B., 1 cord 16 in. B., $\frac{1}{4}$ cord 12 in. Sp., $\frac{1}{2}$ cord 16 in. Sp.
 “ 2,000 lbs. Egg, 1,000 lbs. Stove, 1,000 lbs. Nut.
- Nov. 8.—Benj. Hoover, Sparta, 8,640 lbs. Steam Lump, 2,000 lbs. Nut.
 Wm. Tytler, Paisley St., 10,000 lbs. Egg, 2,000 lbs. Pea.
 J. W. Totten, Markham St., 500 lbs. Egg, 500 lbs. Stove.
 J. W. Holmes, Exeter St., 2,000 lbs. Stove, 2,000 lbs. Pea.
 R. Nelson, Guelph St., $\frac{1}{2}$ cord 12 in. B., $\frac{1}{2}$ cord 12 in. Sp.
 F. Ash, 2 cords 44 in., $\frac{1}{2}$ cord Knots.
 Cash Sales, 1 cord 44 in., $\frac{1}{2}$ cord 12 in. B., $\frac{1}{2}$ cord 16 in. B.
 “ 2,000 lbs. Poca., 2,000 lbs. Pea.
- Nov. 10.—R. Millard, Exeter St., 4,000 lbs. Egg, 4,000 lbs. Nut.
 J. Spink, Pickering Mills, 18,460 lbs. Poca.
 J. Hodd, Classic Mills, 24,650 lbs. Steam Lump.
 Alex. Leask, Dale P.O., 4,000 lbs. Egg, 2,000 lbs. Stove, 2,000 lbs. Nut.
 J. Francis, Thorn St., $\frac{1}{2}$ cord 12 in. Sp., $\frac{1}{2}$ cord Knots.
 A. Gammage, 4 cords 44 in., $\frac{1}{2}$ cord 12 in. Sp., 5 cords Knots.
 Cash Sales, 1,000 lbs. Egg, 2,000 lbs. Nut, 1,000 lbs. Stove.
- Nov. 11.—Jas. Andrews, Miami St., 2,000 lbs. Egg, 2,000 lbs. Nut.
 S. Redditt, Barrie St., 6,000 lbs. Egg, 4,000 lbs. Nut.
 J. Trull, Stouffer St., 4,000 lbs. Egg, 4,000 lbs. Stove.
 J. Wheeler, Main st., 8,000 lbs. Poca.
 D. Young, Paisley St., 1 cord 12 in. B., 1 cord 12 in. Sp.
 J. Daly, Avon St., $\frac{1}{2}$ cord 44 in., $\frac{1}{2}$ cord Knots.
 J. Bennoch, Daly Terrace, $\frac{1}{4}$ cord 12 in. B., $\frac{1}{4}$ cord 12 in. Sp.
 Cash Sales, 1 cord Knots, 40 bunches Kindling.
 “ 1,000 lbs. Egg, 500 lbs. Stove, 500 lbs. Nut.
- Nov. 12.—Alf. Collins, Stouffer St., 8,000 lbs. Nut.
 J. Hodd, 5 cords 44 in., 5 cords Knots.
 J. McNab, $\frac{1}{2}$ cord 12 in. B., $\frac{1}{2}$ cord 16 in. B., 2 cords Knots.
 Adam Scott, 2 cords 44 in., $\frac{1}{2}$ cord 12 in. Sp., $\frac{1}{2}$ cord Knots.
 Cash Sales, 1 cord 44 in., $\frac{1}{2}$ cord 16 in. B., $\frac{1}{2}$ cord 12 in. Sp.
 “ 2,000 lbs. Egg, 2,000 lbs. Stove, 1,000 lbs. Nut.

Nov. 13.—D. Young, 5,000 lbs. Stove, 4,000 lbs. Nut.

A. Gammage, 10,540 lbs. Poca.

J. Hodd, 16,000 lbs. Poca.

W. Wiley, 4,000 lbs. Egg.

Mrs. A. Wood, $\frac{1}{4}$ cord 12 in. B., $\frac{1}{4}$ cord 12 in. Sp.

Jno. German, 2 cords 44 in., $\frac{1}{2}$ cord Knots.

Cash Sales, 1,000 lbs. Egg, 500 lbs. Stove, 500 lbs. Nut.

Nov. 14.—T. E. Law, 2,000 lbs. Egg, 2,000 lbs. Stove, 500 lbs. Nut.

Jno. German, 4,000 lbs. Steam Lump, 2,000 lbs. Egg, 500 lbs. Nut.

J. McMahon, 2,000 lbs. Egg, 1,500 lbs. Stove, 500 lbs. Nut.

A. Rawson, 500 lbs. Stove, 1,500 lbs. Nut.

S. Stubbs, 500 lbs. Stove, 500 lbs. Nut.

Benj. Hoover, 2 cords 44 in., $\frac{1}{2}$ cord 12 in. Sp., 2 cords Knots.

Cash Sales, 6,000 lbs. Pea, 12 bunches Kindling.

Nov. 15.—J. Spink, 10,500 lbs. Steam Lump, 2,500 lbs. Nut.

J. W. Totten, 2,000 lbs. Nut, 1,000 lbs. Pea.

Alex. Leask, 1,500 lbs. Egg, 2,000 lbs. Stove, 1,500 lbs. Nut.

J. Wheeler, 2,000 lbs. Egg, 1,500 lbs. Stove.

D. Martin, $\frac{1}{2}$ cord 12 in. B., $\frac{1}{2}$ cord 12 in. Sp.

Cash Sales, $\frac{1}{2}$ cord 44 in., 3 cords 12 in. Sp., $\frac{1}{2}$ cord 16 in. Sp.

Invoices of Coal as follows:—

Nov. 15.—Lehigh Valley Coal Co.

7/11/190—; Car 2807, C. P. R., 48,500 lbs. Egg, rate 5.00, \$121.25

7/11/190—; " 3986, C. P. R., 40,800 lbs. Stove, rate 5.10, 104.04

10/11/190—; " 5689, C. P. R., 50,400 lbs. Nut, rate 5.25, 132.30

14/11/190—; " 8757, C. P. R., 58,500 lbs. Nut, rate 5.25, 153.56

14/11/190—; " 9086, C. P. R., 48,700 lbs. Nut, rate 5.25, 127.84

14/11/190—; " 6071, C. P. R., 62,000 lbs. Nut, rate 5.25, 162.75

Invoice of Wood as follows:—

Benj. Hoover, Sparta.

8/11/190—; 1 car, 25 cords Wood (Knots) at \$4.20; Freight paid by check, \$5.25, to be charged back to Hoover.

Cash Receipts as follows:—

Nov. 3.—Investment \$2,700.

" 7.—On a/c, W. Wiley, \$5; F. Woods, \$14; P. McNelly, \$10.

" 8.— " F. Ash, \$14; R. Nelson, check in full of a/c; J. W. Holmes, \$10.

" 10.— " R. Millard's check, \$20; J. Spink, \$20; A. Leask, \$10.

" 11.— " J. Andrew's check, \$5.25; J. Trull, \$8.00; J. Wheeler, \$10.

" 12.— " Adam Scott, \$14; J. Hodd, \$100; J. McNab, \$11.

" 13.— " W. Wiley in full of a/c; Jno. German, in full of a/c.

Cash payments as follows:—

Nov. 1.—On purchase price of Stock of fuel - - \$2,500.00

Deposit in Commercial Bank of Canada - - 150.00

Rent for $\frac{1}{2}$ mo. Nov. 1 to Nov. 15 - - 15.00

" 8.—Freight, Car No. 2807, C. P. R. - - - 21.83

" " 3986, " " " " - - - 18.36

Wages to Teamsters - - - - - 18.00

Salary to Student for week - - - - 12.00

Bank deposit - - - - - 200.00

Nov. 12. Horseshoeing, \$2.50; harness repairs,

\$1.50 - - - - - \$ 4.00

" 14.—Freight, Car No. 5689, C. P. R. - - - 22.68

" " 8757, " " " " - - - 26.33

" " 9086, " " " " - - - 21.92

" " 6071, " " " " - - - 27.90

" 15.—Wages to Teamsters - - - - - 18.00

Salary to Student for week - - - - 12.00

Bank deposit - - - - - 230.00

Payments by Check as follows:—

Commercial Bank for Bank Draft to Lehigh Valley Coal Co., payable at Buffalo for amount of six invoices of Nov. 7, 10, 14, \$801.74; Exchange, \$2.00; Amt. of Check, \$803.74.

DELIVERY VOUCHER

DELIVERY VOUCHER

Received from.....
(STUDENT'S NAME)OFFICE AND
YARD . . COLGATE SQUARE
PHONE 1383

No. 1. London, Nov. 3, 190....

To R. Nelson,
Guelph StreetReceived from.....
(STUDENT'S NAME)OFFICE AND
YARD . . COLGATE SQUARE
PHONE 1383

No. 2. London, Nov. 3, 190....

To R. Nelson,
Guelph Street

(Cords.....Lbs.)	(Wood.....Coal)		
2000 lbs.	Stove	7	00
2000 "	Nut	7	00
4500 "	Pocahontas	12	38

Collect.....

Teamster J. Collier

(Cords.....Lbs.)	(Wood.....Coal)		
2000 lbs.	Stove	7	00
2000 "	Nut	7	00
4500 "	Pocahontas	12	38

Collect.....

Teamster J. Collier

Receiver's Signature R. Nelson

COAL

DATE.	NAME.	PARTICULARS.	L.F.	STEAM LUMP.
Nov. 3	R. Nelson - - - - -	Guelph St. - - - - -	89	
3	J. Francis - - - - -	Thorn St. - - - - -		
3	F. Ash - - - - -	Markham St. - - - - -		
3	A. Gammage - - - - -	Oxford St. - - - - -		20,360
3	Cash Sales - - - - -			
4	J. Daly - - - - -	Avon St. - - - - -		

WOOD

DATE.	NAME.	PARTICULARS.	L.F.	44 IN.
Nov. 3	J. Trull - - - - -	Main St. - - - - -		1 cord
3	Jas. Andrews - - - - -	Miami St. - - - - -		1 " "
3	S. Redditt - - - - -	Barrie St. - - - - -		
3	Cash Sales - - - - -			
4	Rev. R. Millard - - - - -	Exeter St. - - - - -		

A Delivery Statement similar to the foregoing, showing the kind, quantity, price of fuel, and to whom it is to be delivered accompanies each order, and when signed by the receiver is returned to the office by the teamster, where it is filed away as a voucher of the sale. These statements are made out in duplicate, No. 2 being detached from the book and given to the teamster as he leaves the yard to make the delivery; No. 1 remaining in the Stub Book. This Stub Book forms the original record from which the Sales Journals are written every day. The Cash Sales for each day may be entered on one or more of the stubs, without the names of the purchasers.

EXERCISE LXI.

1. Write in your Book of Business Forms a Delivery Statement in duplicate for each sale in the month.
2. Sign the name of the receiving party on the right hand form only. These vouchers are filed at the close of each day's business, and the Sales Journals written for the day from the stubs.

EXERCISE LXII.

1. Rule three openings, six pages, of your Blank Book for a Coal Journal, and two openings, four pages, for a Wood Journal, according to specimen forms below. At the top of each page write the name of the Book, *i.e.*, **Coal Journal** or **Wood Journal**.
2. Detach and file all vouchers for the first day's sales, and make entries in both Journals from the stubs according to specimen entries for Nov. 3.
3. Detach and file the vouchers for each succeeding day's business to Nov. 8, journalizing from the stubs as on Dec. 3.

NOTE 1.—All columns of the Journals must be totalled at the end of each page, and the totals carried to the following page, so that the total sales may be shown at the end of each month.

4. Detach and file vouchers for the second week's business, journalizing all sales from the stubs.
5. Bring down the totals of all columns in the Sales Journals for the two weeks.

NOTE 2.—It will give the best business practice to the student to detach the vouchers, journalize from the stubs, and post the business for each day, before proceeding with the work of the next.

JOURNAL.

EGG.	STOVE.	NUT.	PEA.	POCA.	B. SMITH.	CHARGE.	CASH SALES.
	2000	2000		4500		26 38	
2000	2000	2000				21 00	
4000		4000				28 00	
						57 00	
						35 00	50

JOURNAL.

BLOCKS SAWS.		SPLIT.		KNOTS.	KINDLING.	CHARGE.	CASH SALES.
12 IN.	16 IN.	12 IN.	16 IN.				
1 cord				1 cord		8 00	
11 "						5 00	
10 "	1 cord					6 00	
9 "							
8 "		1 cord					
7 "							

EXERCISE LXIII.

1. Open an a/c in the Ledger for every customer whose name appears in the Sales Journals, indexing each a/c in the General Ledger Index.

2. Post all sales from both Journals to the debits of the customer's a/cs, indexing every Journal entry with the Ledger page where it is posted, and every Ledger entry with the page of the Journal record, as per specimen entries in R. Nelson's a/c. The cash sales will not be posted from the Sales Journals, but from the Cash Book.

NOTE.—All personal a/cs require $\frac{1}{4}$ page (6 spaces) each.

Dr.						R. NELSON.						Cr.	
Dec.	3	2000 lbs. Stove	-	-	87	7	00	Dec.	8	By Cash	-	32	88
	3	2000 lbs. Nut	-	-	87	7	00						
	3	4500 lbs. Poca.	-	-	87	12	38						
	8	$\frac{1}{2}$ cord 12 in. B.	-	-		3	00						
	8	$\frac{1}{2}$ " 12 in. Sp.	-	-		3	50						

Dr.						CASH.							
DATE.	L.F.	A/C TO WHICH POSTED.				EXPLANATORY.				MDSE.		SUNDRIES.	
Dec.	1	Capital	-	-	-	Investment	-	-	-			2,700	00
	3	Mdse.	-	-	-	C.J. (Coal Journal)	-	-	-	38	50		
	3	"	-	-	-	W.J. (Wood Journal)	-	-	-	7	25		
	4	"	-	-	-	C.J.	-	-	-	22	75		
	4	"	-	-	-	W.J.	-	-	-	8	75		
	7	W. Wiley	-	-	-	A/c	-	-	-			5	00
	7	F. Woods	-	-	-	A/c	-	-	-			14	00
	8	Mdse. Cr.	-	-	-	Cash Sales for week	-	-	-	167	76	167	76
	8	Cash Dr.	-	-	-	Total receipts	-	-	-			2,953	64

EXERCISE LXIV.

1. Write out the Lehigh Valley Coal Co.'s invoices on the given forms in your Blank Book, from the data given in the memo. on page 85.

2. Rule one page of your Blank Book for an Invoice Book, with a money and index column to the right of the page, and write the name "Invoice Book" at the top of the page.

3. Take the first invoice and paste the top edge along the headline of the Invoice Book. Fold up the invoice in 3 folds to a width of about one inch. Paste the top edge of the second invoice just below the first one when thus folded, and similarly each succeeding invoice below the previous one when folded. (Keep the invoices to the left of the money and index columns.)

4. Unfold each invoice, ascertain the amount and extend it to the money column opposite the invoice when folded. Fold as before and write the name of the firm on the outside fold.

5. Bring down the total of all invoices on the page, and journalize as follows:—Mdse., Dr. (Total invoices) \$——.

6. Post the amount of each invoice to the credit of the seller's a/c, indexing each entry in both the Ledger and Invoice Book.

EXERCISE LXV.

Rule two openings (4 pages) of your Blank Book for a Cash Book with a special debit column for Mdse. and a special credit column for Expense, according to the specimen form below. Record all cash receipts and payments, and close on Nov. 8th and 15th. Journalize the totals of each column on the dates of closing, and bring forward the Cash balance as in the specimen entries.

EXERCISE LXVI.

All debit entries in the Cash Book must be posted to the credit, and all credit entries in the Cash Book must be posted to the debit of the Ledger.

1. Place a check mark thus ✓ in the index column opposite all items in special columns, that is, opposite all Mdse. items on the debit, and all Expense items on the credit side of the Cash Book.

This check mark indicates that these items are not to be posted separately, but in totals.

2. Post the totals of the Mdse. column on the 8th and 15th to the credit of Mdse. a/c and the totals of the Expense column on the same dates to the debit of the Expense a/c, indexing both Ledger and Cash Book entries. Ledger a/cs to be opened: Cash, 6 lines; Mdse., 6 lines; Expense, 6 lines; Freight, 8 lines.

EXERCISE LXVII.

1. Open a Journal on Nov. 3, writing therein a memo. of your purchase on Dec. 1, and a copy of the Mdse. and Expense inventories on that date.

2. Journalize all transactions not already recorded in the Cash Book, Invoice Book, or Sales Journals.

CASH.

Cr.

DATE.	L. F.	A/C TO WHICH POSTED.	Explanatory.	EXPENSE.		SUNDRIES.	
Dec.	1	Mdse.	Coal and Wood			2500	00
	1	Bank	Deposit			150	00
	1	Rent	$\frac{1}{2}$ mos. Dec. 1-15	15	00		
	8	Freight	C.P.R. Car No. 2807	25	40		
	8						
	8	Expense Dr.	Expenses for week	93	15	93	15
	8	Cash Cr.	Total payments			2935	19
		Balance	On hand			18	$\frac{45}{4}$
						2953	$\frac{64}{4}$

3. Post to the Ledger, indexing every entry in both Ledger and Journal.

4. Write an inventory of all Mdse. on hand on Nov. 15, at invoice prices. No depreciation on horses, wagons, or office furniture. Hay and oats all used.

In taking stock of Mdse. on hand at any time the amount of wood can best be ascertained by actual measurement. It is difficult to ascertain, even approximately, the amount of coal on hand by measurement, and scarcely possible by weighing. From the invoices can be ascertained the total weight of each kind of coal purchased during any period, and the Sales Journals show the total weight of each kind sold. By adding the purchases to the original inventory, and subtracting the sales therefrom the amount of each kind of coal may be approximately, if not accurately obtained.

Although the wood on hand obtained by this latter method is seldom found to hold measurement, the student may obtain his wood inventory by subtracting the Sales from the original measurement.

Results, Nov. 15: (These must be obtained by the pupil from his Invoice Book and Sales Journals).

Coal on Hand:

Steam Lump, 79,030 lbs.
 Egg, 106,500 lbs.; Stove, 88,800 lbs.
 Nut, 308,600 lbs.; Pea, 79,000 lbs.
 Poca., 122,000 lbs.; B. Smith, 40,000 lbs. -

Wood on Hand:

44 in., 48 $\frac{3}{4}$ cords; Knots, 9 cords.
 12 in. B., 11 $\frac{1}{2}$ cords; 16 in. B., 18 $\frac{1}{4}$ cords.
 12 in. Sp., 19 $\frac{3}{4}$ cords; 16 in. Sp., 38 $\frac{3}{4}$ cords.
 Kindling, 23 bunches.

EXERCISE LXVIII.

1. Take off a Trial Balance Nov. 15. Totals exclusive of a/cs in balance \$——.
2. Rule off all Ledger a/cs in balance Nov. 15 by drawing double horizontal lines below the last entries, across the date and money columns. (See Nelson's a/c, page 88.)
3. Write out a Statement of A/c on Nov. 15 for every customer whose a/c is not in balance on that date, requesting payment of the same as soon as convenient.
4. Write the Statement of A/c given to R. Nelson on Nov. 8, receipting it in full.
5. Write a Statement of Assets and Liabilities; also a Statement of Losses and Gains, Nov. 15.
6. Close the Loss and Gain A/cs into Capital A/c and carry forward the balance in Capital A/c, dating Nov. 17. Result \$2,886.18.

NOTE.—As the business is to be continued the other a/cs need not be closed. (Detach and file all papers of this exercise under their proper headings.)

EXERCISE LXIX.

1. Write out Deposit Slips for deposits in bank as follows:—
 Nov. 1, ten \$1 bills, ten \$2 bills, twenty \$5 bills, one \$20 bill, total \$150.
 Nov. 8, ten \$1 bills, eight \$2 bills, five \$5 bills, ten \$10 bills, R. Nelson's check for \$——, Coin for balance \$——, Total \$220.
 Nov. 15, R. Millard's check for \$——, J. Hodd's check for \$——, twenty \$1 bills, two \$5 bills, five \$10 bills.
2. Write out the checks received on a/c from R. Nelson, R. Millard, and J. Hodd. Write on each the indorsement you were required to make when depositing.
3. Write out your check of Nov. 8 in payment of freight charges on 1 car wood; also that of Nov. 15, made to settle a/c with Lehigh Valley Coal Co., of Buffalo.
4. Write out the bank draft, purchased with the above check, Nov. 15, making it payable to the General Sales Agent named in invoices, at the Third National Bank, Buffalo. Have your teacher (A. Principal) sign for Commercial Bank of Canada.
5. Turn to your Bank Pass Book already opened in your Blank Book and record deposits and checks from above papers.
6. Detach and file all papers of this exercise for future reference.

EXERCISE LXX.

1. What percentage of the Capital invested was the Net Gain for the two weeks?
2. Should this rate be satisfactory to you? Why?
3. Which is the better business principle; to increase profits by curtailing expenses, or by increasing the volume of business? Discuss.
4. Suggest any changes in recording freight payments, so as to reduce the work either in the Cash Book or Ledger.
5. It has been found desirable to make deposits in the bank daily instead of weekly, and to pay all freight charges once a week only; also, to change the Cash Book so that it will show the state of the bank cash, as well as the office cash. Design a Cash Book to meet this requirement, and prove its adaptability by recording the bank business with the cash from Nov. 1 to 15.
6. Why were you permitted to overdraw your bank a/c to the extent of *\$300 on 15th inst? What sort of agreement had you entered into with the Manager?

*See Sec. 74 of the Bank Act.

SET 7.

WHOLESALE GROCERY BUSINESS.

BOOKS USED—SALES JOURNAL, CASH BOOK, INVOICE BOOK, BILL BOOK, JOURNAL, LEDGER.

Friday, Dec. 1, 190—. Student has to-day engaged as accountant with A. B. Scott, wholesale grocer, duties to begin immediately. He will assist the retiring accountant in taking off the November Trial Balance before the end of the week, and, while doing so, will familiarize himself with the different books used in the office, and the method of keeping the records in each, as well as posting therefrom.

WHOLESALE STAFF.—The members of the staff, with the weekly salary of each, are as follows:—


A. B. Scott, proprietor, \$25; A. Drummer, traveller, \$10, besides commission of 1% on sales; Student, accountant, \$10; invoice clerk, \$6; office boy, \$3; packer and shipper, \$6.50.

Mr. Scott takes city orders on Friday of each week and spends the remainder of his time in the warehouse.

WHOLESALE GROCER'S LISTS.—It is the duty of the traveller to know all the goods on the lists, how each is put up, the prices and terms of payment on which each is sold, and to adhere strictly to the lists in making sales to customers. (See accompanying Lists, p. 98).

TRAVELLER'S ORDER BLANKS.—All orders, whether taken by the city or outside traveller, are to be written on the regular Order Blanks, a sample of which is given on page 98. These orders, after passing through the hands of the proprietor, invoice clerk, shipper, and accountant, are filed in a Binder forming the Sales Journal.

The blank space at the top left hand corner is not to be filled in by the traveller, except where a customer is not paying regularly, in which case the accountant fills in the debits and credits from the Ledger and requests the traveller to ascertain the cause of arrears on his next visit.

All orders received at the office are submitted to Mr. Scott, who initials the "O.K. Credit" blank if the purchaser's credit is satisfactory. After being initialled by the proprietor, the Order Sheet is passed to the shipper in the packing room, who packs the goods and delivers them with a Bill of Lading to the Co. by whom they are to be forwarded to the purchaser. It is his duty to check every item on the order to show that the goods have passed through his hands. The mark placed in the "Shipper's Check" column is a double check, the first one  being made when the goods are packed, and the second one—a simple stroke—across the first one when the goods are loaded on the Co.'s dray.

The shipper then returns the order to the office, when the Invoice Clerk extends prices to the various columns, and writes an invoice from the Order for mailing to the purchaser, showing the amounts and terms of the different classes of goods. The accountant then checks the additions, posts to the different a/cs in the Ledger, entering the Ledger Folio and the dates of the invoice and shipment in the proper spaces. He then files the Order Sheet in the Binder, numbering the sheet consecutively with the preceding one. (See L's Order of 1/12/190—, bound in the Journal as page 117, and posted to page 94 in the Ledger.)

WHOLESALE LEDGER.

The following Ledger shows all the entries posted during Nov., also the amount to the credit of Capital A/c since Jan. 1, which has been included in each Monthly Trial Balance during the year. After carefully examining all a/cs in the Ledger, and understanding from what book each entry was posted, the student will copy into his Blank Book the Trial Balance for Nov., which he assisted the retiring accountant in taking from these a/cs.

PRIVATE LEDGER.

A. B. SCOTT. (Capital A/c).

The amount shown in the Oct. Trial Balance has remained unchanged since Jan. 1, the last closing of the books.

DATE.			L.F.	DEBITS.	CREDITS.	DR. OR CR.	BALANCE.
Jan.	1	Balance (Oct. T. B.) - - -			19212 38	Cr.	19212 38

A. B. SCOTT. (Private A/c).

The debit balance, \$1260, Nov. 1, shows the total withdrawals by A. B. Scott from Jan. 1 to Nov. 1.

Nov.	1	Balance (Oct. T. B.) - - -		1260 00		Dr.	1260 00
"	5	Cash - - - - -		25 00			1285 00
"	12	Cash - - - - -		25 00			1310 00
"	19	Cash - - - - -		25 00			1335 00
"	26	Cash - - - - -		25 00			1360 00

MDSE.

The debit balance on Nov. 1 shows that goods on hand Jan. 1, and subsequent purchases to Nov. 1, exceed the sales for the same period by \$9217.82.

Nov.	1	Balance (Oct. T. B.) - - -		9217 82		Dr.	9217 82
"	30	Purchases (See Nov. P. J.) - - -		772 50			9990 32
"	30	Sales (See Nov. C. B.) - - -			365 70		9624 62
"	30	Sales (See Nov. S. J.) - - -			3720 91		5903 71

CASH.

The debit balance \$68.17 denotes cash on hand Nov. 1, as shown in the C. Book.

This a/c is merely a summary of the C. Book and need not be kept in the Ledger. The balance of cash on hand shown in the C. Book being taken in the T. Balance each month.

Nov.	1	Balance (Oct. T. B.) - - -		68 17		Dr.	68 17
"	1	Bills Rec. (815-21) - - -		755 75			823 92
"	1	Discount - - - - -			12 17		811 75
"	1	Bank - - - - -			751 74		60 01
"	30	Customers' a/cs (C. B.) - - -		528 03			588 04
"	30	Mdse. (C. Sales C. B.) - - -		365 70			953 74
"	30	Expense (C. B.) - - - - -			312 00		641 74
"	30	Bank - - - - -			502 65		139 05
"	30	A. B. Scott - - - - -			100 00		39 05

BANK.

The debit balance \$5771.67 shows the amount in bank on Nov. 1, as shown by Bank Book.

Nov.	1	Balance (Oct. T. B.) - - -		5771 67		Dr.	5771 67
"	1	Bills Rec. (815-21) - - -		751 74			6523 41
"	4	Bills Rec. (690, 724, 805) - - -			617 48		5905 93
"	14	Bills Pay. Note 86 - - - - -			450 65		5455 28
"	19	Bills Pay. " 88 - - - - -			749 35		4705 93
"	30	Cash Book - - - - -		502 69			5208 62

DISCOUNT.

Nov.	1	Balance (Oct. T. B.) - - -			114 10	Cr.	114 10
"	5	B. Rec. No. 690 - - - - -			1 36		115 46
"	30	B. Rec. Nos. 815-21 - - -		12 17			103 29
"	30	Sundries (Disct. J.) - - - - -		12 57			90 72
"	30	Sundries (Disct. J.) - - - - -			32 35		123 07

BILLS PAY.

See Bill Book.

Nov.	1	Balance (Oct. T. B.) - - -			2350 00	Cr.	2350 00
"	14	Bank (Ck. No. —) - - - - -	88	450 65			1899 35
"	19	Bank (Ck. No. —) - - - - -	86	749 35			1150 00

PRIVATE LEDGER—(continued).

BILLS REC.

See Bill Book.

Nov.	1	Balance (Oct. T. B.)	-	-	-	617	48			Dr.	617	48
"	4	R. returned	-	-	-	690		218	60		398	88
"	4	N. "	-	-	-	724		118	50		280	38
"	3	J. "	-	-	-	805		280	38			
"	30	Bill Book 816-25	-	-	-		1550	90		Dr.	1550	90
"	30	Cash Book 816-21	-	-	-			755	75		795	15

SALARIES.

The debit balance, \$1990, shows the amount paid in salaries from Jan. 1 to Nov. 1.

Nov.	1	Balance (Oct. T. B.)	-	-	-	1990	00			Dr.	1990	00
"	30	Cash Book	-	-	-	202	00				2192	00

RENT.

Amount paid in rent from Jan. 1 to Nov. 1.

Nov.	1	Balance (Oct. T. B.)	-	-	-	900	00			Dr.	900	00
"	30	Cash Book	-	-	-	90	00				290	00

EXPENSE.

Excess of outlays over returns from the same from Jan. 1 to Nov. 1.

Nov.	1	Balance (Oct. T. B.)	-	-	-	406	00			Dr.	406	00
"	30	Cash Book	-	-	-	20	00				426	00

OFFICE FURNITURE.

Valuation of O. F. at beginning of the year.

Jan.	1	Balance (Oct. T. B.)	-	-	-	325	50			Dr.	325	50
------	---	----------------------	---	---	---	-----	----	--	--	-----	-----	----

PURCHASE LEDGER.

JOBBER'S SUPPLY CO., Toronto.

88 in the Index column indicates the No. of the draft in the Bill Book.

Nov.	4	Goods	-	-	-			772	50	Cr.	772	50
"	6	Draft, 10 days	-	-	-	88	749	35				
"	6	Discount	-	-	-		24	15				

ROSS & DAVIES, Montreal.

Nov.	1	Balance (Oct. T. B.)	-	-	-			459	85	Cr.	459	85
"	1	Draft, 10 days	-	-	-	86	450	65				
"	1	Discount	-	-	-		9	20				

AYLMER CANNING CO., Aylmer.

Nov.	1	Balance (Oct. T. B.)	-	-	-			1150	00	Cr.	1150	00
"	1	Draft, 3 mos.	-	-	-	87	1150	00				

CUSTOMERS' LEDGER.

The check marks ✓ on entries of 3rd and 29th inst. indicate that the cash payment and discount of 29th settled the charge of 3rd.

Some book-keepers use the letters of the alphabet to check payments with specific charges.

PAYS DIRECT TO OFFICE.				<i>A.</i>		<i>Dutton.</i>					
Nov.	3	Mdse.	- - - - 3	✓	19	40					
			20.60 - - - - 1								
			15.30 - - - - S.	✓	35	90					
			- - - - N.	✓	20	35					
"	18	Mdse.—20.10	- - - - 1						Dr.	75	65
			15.65 - - - - S.		35	75					
			- - - - N.		11	85					
"	29	Cash	- - - - -				74	71	✓	123	25
"	29	Discount	- - - - -					94	✓	47	60

ACCEPTS DRAFT WITH MONTHLY STATEMENT.				<i>B.</i>		<i>Parkhill.</i>					
Nov.	1	Balance (Oct., T.B.)	- - - -		67	12			Dr.	67	12
"	1	By Draft—30 days	- - - -	816			66	04			
"	1	Discount	- - - -				1	08			
"	10	Mdse.	- - - - 3		60	70					
			23 74 - - - - 1								
			37.20 - - - - S.		60	94					
			- - - - N.		16	36				138	00
"	24	Mdse.—40.65	- - - - 1								
			46 52 - - - - S.		87	17					
			- - - - N.		23	30				248	47

PAYS DIRECT TO OFFICE.				<i>C.</i>		<i>Lakeside.</i>					
Nov.	25	Mdse.	- - - - 1		14	90					
			- - - - N.		11	30			Dr.	26	20

ACCEPTS DRAFT WITH MONTHLY STATEMENT.				<i>D.</i>		<i>Lucan.</i>					
Nov.	1	Balance (Oct., T.B.)	- - - -	✓	281	69			Dr.	281	69
"	1	By Draft—30 days	- - - -	817			280	00			
"	1	Discount	- - - -				1	69			
"	2	Mdse.	- - - - 1		127	46					
			- - - - N.		14	73			Dr.	142	19
"	26	Mdse.	- - - - 3		117	40					
			- - - - S.		34	30					
			- - - - N.		14	00				307	89

The 30 day draft of Nov. 1 and discount are checked with the balance from Oct. to show that the draft was drawn in full settlement of a/c.

PAYS TRAVELLER.				<i>E.</i>		<i>Norwich.</i>					
Nov.	3	Mdse.	- - - - S.	(a)	15	90					
			- - - - N.	(a)	26	40			Dr.	42	30
"	13	By Cash	- - - - -				42	14	(a)		
		Discount	- - - - -					16	(a)		
"	13	Mdse.	- - - - 3		5	46					
			- - - - S.		14	40			Dr.	19	86

Explain check marks (a) (a).

In taking off Nov. Trial Balance do not consider entries above double horizontal lines.

PAYS TRAVELLER.				<i>F.</i>		<i>Fingal.</i>					
Nov.	14	Mdse.—10.40	- - - - 1								
			13.45 - - - - S.	(b)	23	85					
			- - - - N.	(b)	45	05			Dr.	68	90
"	20	Mdse.	- - - - 3		16	30					
			- - - - S.		22	60				107	80
"	24	By Cash	- - - - -				68	66	(b)		
		Discount	- - - - -					24	(b)	38	90

Explain the check marks (b) (b).

ACCEPTS DRAFT WITH
MONTHLY STATEMENT.

G.

Simcoe.

Nov.	1	Balance (Oct. T. B.) -	-	-	(c)	76	80			Dr.	76	80
"	1	By Draft—30 dys.	-	-	\$18			75	46	(c)		
"	1	" Discount	-	-				1	34	(c)		
"	12	Mdse.	-	-	S.	47	30					
				N.		12	24			Dr.	59	54
"	26	Mdse.	-	-	3	20	14					
				1								
		36.80	-	-	1							
		30.29	-	-	S.	67	09					
				N.		10	63				157	40

PAYS DIRECT TO OFFICE.

H.

Woodham.

Nov.	14	Mdse.	-	-	S.	37	40			Dr.	37	40
"	23	By Cash	-	-	-			37	03			
"	23	By Discount	-	-	-				37			
"	23	Mdse.	-	-	3	18	36					
				1		12	10					
				N.		6	04				36	50

SIGNS NOTE EACH MONTH
ENCLOSED WITH STATEMENT.

I.

Granton.

Nov.	1	Balance (Oct. T. B.) -	-	-		88	00			Dr.	88	00
"	1	By Note—30 dys.	-	-	\$19			86	20			
"	1	" Discount	-	-				1	30			
"	13	Mdse.	-	-	3	40	60					
				N.		15	30			Dr.	55	90
"	22	Mdse.	-	-	3	42	00					
				1		18	95					
				S.		36	40				154	25

ACCEPTS DRAFT WITH
MONTHLY STATEMENT.

J.

Aylmer.

Nov.	3	Note returned	-	-	805	230	38			Dr.	280	38
"	15	Mdse.	-	-	N.	65	96				346	34
"	16	By Draft—30 dys.	-	-	825			346	34			
"	25	Mdse.	-	-	3	132	60					
				1		13	48			Dr.	146	08

ACCEPTS DRAFT WITH
MONTHLY STATEMENT.

K.

Pétrolea.

Nov.	1	Balance (Oct., T.B.)	-	-		167	00			Dr.	167	00
"	1	By Draft—30 days	-	-	820			163	60			
"	1	" Discount	-	-				3	40			
"	4	Mdse. -26.20	-	-	1							
		45.86	-	-	S.	72	06					
				N.		14	32			Dr.	86	38
"	16	Mdse.	-	-	3	121	40					
				1		47	35					
				N.		24	08				282	21
"	30	Mdse.	-	-	3	46	64					
		24.90	-	-	1							
		32.02	-	-	S.	56	92					
				N.		16	65				407	42

ACCEPTS DRAFT WITH
MONTHLY STATEMENT.

L.

Sarnia.

Nov.	1	Balance (Oct. T.B.)	-	-	-	-	85	56			Dr.	85	56
"	1	By Draft—30 days	-	-	-	-	82		84	45			
"	1	" Discount	-	-	-	-			1	11			
"	3	Mdse.	-	-	-	3		64	26				
"	18	Mdse.	-	-	-	S. 1		70	80		Dr.	135	06
			-	-	-	N. 1		43	24				
			-	-	-			10	16			188	46

PAYS DIRECT TO OFFICE.

M.

Dresden.

Nov.	15	Mdse.	-	-	-	3		84	40				
			52.35	-	-	1							
"	25	Mdse.	-	-	-	S. 3	✓	142	50		Dr.	226	90
			90.15	-	-			39	05				
"	25	By Cash	-	-	-	1		6	50			272	45
"	25	" Discount	-	-	-					141	07	✓	
										1	43	✓	129 95

PAYS TRAVELLER.

N.

Brussels.

Nov.	4	Note returned	-	-	-	-	724	118	50			Dr.	118	50
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PAYS BY REGISTERED LETTER.

O.

Blyth.

Nov.	27	Mdse.—10 80	-	-	-	1							
		18.50	-	-	-	S. 1		29	30		Dr.	29	30

REMIT CASH TO OFFICE.

P.

Essex.

Nov.	10	Mdse.	-	-	-	3		40	10				
						S. 1	✓	36	60				
"	20	By Cash	-	-	-	-	✓	16	20			92	90
"	20	" Discount	-	-	-	-				52	43	✓	
"	20	Mdse.	-	-	-	3		20	64		✓	40	10
												60	74

PAYS TRAVELLER.

Q.

Kingsville.

Nov.	8	Mdse.	-	-	-	3		74	12				
			10.60	-	-	1							
			15.90	-	-	S. 1	✓	26	50				
"	20	By Cash	-	-	-	-	✓	9	38			Dr.	110 00
"	20	By Disc.	-	-	-	-				35	61	✓	
"	20	Mdse.	-	-	-	1		19	14		27	✓	74 12
												93	26

ACCEPTS DRAFT FOR AMOUNT
OF EACH INVOICE.

R.

Blenheim.

Nov.	4	Note returned	-	-	-	-	✓ 690	218	60				
"	4	Discount on 690	-	-	-	-		1	36			Dr.	219 96
"	5	By Draft—30 days	-	-	-	-	824			219	96	✓	
"	10	Mdse.	-	-	-	3		90	42				
			14.60	-	-	1							
			23.67	-	-	S. 1		38	27			Dr.	128 69

The payment of 25th is for the 1% goods purchased on 15th, in order to obtain the discounts. Payment of 3% goods of 15th may be deferred 3 mos. before losing the discount.

Turn to Bill Book and mark "Returned, Nov. 4," opposite No. 724.

Explain the check marks opposite entries of 10th and 20th inst.

Explain the check marks opposite payment of 20th.

Mark No. 690 "Returned." The draft drawn on R. on 5th was for the amount of note 690 returned unpaid on 4th, with interest, for the extended time.

ACCEPTS DRAFT WITH
MONTHLY STATEMENT.

S.

Chatham.

Nov	1	Balance (Oct. T. B.)	-	-	-	130	00			Dr.	130	
"	1	By Draft—3 mos.	-	-	-	822			129	45		
"	1	Discount	-	-	-					55		
"	7	Mdse.	-	-	-	3	224	10				
		40.62	-	-	-	1						
		14.38	-	-	-	8.	55	00				
						N.	22	50			Dr.	301 60
"	14	Mdse.	-	-	-	3	34	65				396 25
"	20	Mdse.	-	-	-	3	44	25				
						1	35	10				415 60

PAYS TRAVELLER.

T.

Bothwell.

Nov.	10	Mdse.	-	-	-	3	62	10				
		10.40	-	-	-	1						
		15.60	-	-	-	S.	26	00			Dr.	88 10
"	24	By Cash	-	-	-	-			25	74	✓	
"	24	Discount	-	-	-	-				26	✓	62 10
"	24	Mdse.	-	-	-	3	21	35				83 45

PAYS BY REGISTERED LETTER
FOR EACH INVOICE.

U.

Newbury.

Nov.	19	Mdse.	-	-	-	3	29	94				
						S.	46	60				76 54
"	30	By Cash	-	-	-	-			46	13	✓	
"		Discount	-	-	-	-				47	✓	29 94

ACCEPTS DRAFT WITH
MONTHLY STATEMENT.

V.

Glencoe.

Nov.	1	Balance (Oct. T. B.)	-	-	-	101	00			Dr.	101	00
"	1	By Draft—30 dys.	-	-	-	823			99	40		
"	1	Discount	-	-	-	-			1	60		
"	14	Mdse.	-	-	-	3	123	14				
						1	42	60				
						S.	77	66			Dr.	243 40

PAYS BY REGISTERED LETTER.

W.

Komoka.

Nov.	26	Mdse.	-	-	-	3	36	50			Dr.	36 50
------	----	-------	---	---	---	---	----	----	--	--	-----	-------

PAYS TRAVELLER.

X.

Bayfield.

Nov.	21	Mdse.	-	-	-	3	74	16				
		13.30	-	-	-	1						
		15.60	-	-	-	S.	28	00			Dr.	103 06

Japans --
Uncolored,
Tapioca,
Vinegars,
Woodenware.

EXERCISE LXXI.

Write out the notes and drafts posted in the Customers' Ledger for November in the following order:—

No. 690, Note against R., 1/ 8/190—, 3 mos.	No. 820, Draft on K., 1/11/190—, 30 days.
" 724, " " N., 1/ 9 190—, 2 "	" 821, " " L., 1/11/190—, 30 "
" 805, " " J., 1/10 190—, 30 days.	" 822, " " S., 1/11/190—, 3 mos.
" 816, Draft on B., 1/11/190—, 30 "	" 823, " " V., 1/11 190—, 30 days.
" 817, " " D., 1/11/190—, 30 "	" 824, " " R., 5/11/190—, 30 "
" 818, " " G., 1/11/190—, 30 "	" 825, " " J., 26/11/190—, 30 "
" 819, " " I., 1/11/190—, 30 "	

NOTE.—These notes and drafts were made in settlement of Oct. purchases.

Make all notes payable at the Commercial Bank of Canada, London, and all acceptances payable at the branch of the Commercial Bank of Canada where the drawee resides.

EXERCISE LXXII.

1. Record all the above notes and acceptances in the Bills Rec. Book. Write "**D.111 190—**" in the "Remarks" column opposite the six notes 816-21, to signify these notes were **discounted** at the bank on Nov. 1.

2. Find the amount of notes 816-25, enter the total in the money column of the Bill Book, and Journalize as follows:—Nov. 30, Bills Rec., Dr., \$1550.90.

EXERCISE LXXIII.

1. Write the three drafts recorded in the Purchase Ledger, dating each at the place where the drawer resides.

2. Place your acceptance on each, making it payable at your own banking place.

3. Record these acceptances in the Bills Pay Book, numbering them consecutively with the last entry, No. 85.

EXERCISE LXXIV.

1. Rule two pages (one opening) of your Blank Book for the following Cash Book, but make an extra debit and an extra credit column for Bank. Rewrite the Cash Book for Nov., combining the records of the Bank A/c and Cash A/c. (See Cash Book, pages 100-101.)

2. Check every entry in the Nov. Ledger with the Journal entry in the Cash Book or Bill Books from which it was posted. When the entries in these latter books are all checked, the unchecked entries in the Ledger will be those posted from the Invoice Book or Purchase Journal, the Order Binder or Sales Journal and the regular Journal.

EXERCISE LXXV.

1. Write out the Trial Balance which you assisted the retiring accountant in taking off the Ledger on Nov. 30.

2. Mr. Scott desires to have the financial year begin Dec. 1, instead of Jan 1, and so requests you to prepare a Financial Statement on Nov. 30, showing the present assets and liabilities, also the gains and losses since the books were last closed. Prepare the Statement, stock on hand valued at \$12,000.00. Depreciation of O. Furniture for year 10%. Results: Net Gain \$2,578.81. P. Net Worth \$20,431.19.

EXERCISE LXXVI.

1. Make out Monthly Statements on Dec. 1, from the Nov. Ledger, to mail to the following customers:—B, D, G, I, J, K, L, R, S, V, deducting discounts as indicated in the Ledger postings. Make no interest charge on Net Goods.

2. Write out two promissory notes to enclose with the statement to I, on which is written a memo., requesting him to sign and return the enclosed notes at his earliest convenience. Draw one at 30 days for the amount of **3 goods**, and the other at 10 days for the amount of **sugar, net and 1 goods**, less discounts as per statement.

3. On each of the other statements add a memo. that you are drawing on the customer through the Commercial Bank of Canada for the amounts indicated, requesting him to honor the drafts on presentation. Draw two drafts on each customer, one at 30 days for amount of **3% goods**, the other at 10 days for the amount of **sugars, net and 1% goods**, less discounts as per statement. Make all payable to your order at the Commercial Bank of Canada.

4. Record these notes in your Bill Rec. Book, numbering them consecutively with the Nov. entries.

5. Post each note to the credit of the customer's a/c, indexing both Ledger and Bill Book entries.

NOTE.—The discount allowed to each customer must be journalized in the regular Journal, if no Discount Journal is used, and from there posted to the credit of the customer's a/c and to the debit of Discount a/c. If a Discount Journal is used the total discounts allowed may be posted in one entry at the end of the month. Total Discounts on settlements by note \$45.25.

Dr.

CASH.

DATE.			L.F.	SUNDRIES.	BILLS REC.		CASH SALES.	
Nov.	1	Balance - - - - -		\$68.17				
	1	Bills Rec. Notes 816-21 - - -			755	75		
	13	E. - - - - -		42 30				
	20	Q. - - - - -		35 88				
	20	P. - - - - -		52 80				
	23	H. - - - - -		37 40				
	24	F. - - - - -		68 90				
	24	T. - - - - -		26 00				
	25	M. - - - - -		142 50				
	29	A. - - - - -		75 65				
	30	U. - - - - -		46 60				
	30	Bills Rec. Cr. - - - - -		755 75	755	75	365	70
	30	*Mdse. Cr. Cash Sales - - -		365 70				
	30	Cash Dr. Total Receipts - -		1649 48				
		Balance from Oct. - - - - -		68 17				
				1717 65				

* These amounts are the totals of similar entries made at different times during the month

EXERCISE LXXVII.

1. Dec. 1. You wish to discount all the 30 days drafts of this date and place the proceeds to your credit in the bank.
2. Indorse each draft to your bank for collection.
3. Work out on the back of each the discount charged by the bank at 6% for 33 days, using form of solution on p. 10.
4. Enter the **face value**, **proceeds**, and **total discounts** charged on these notes in your Cash Book according to similar entry on Nov. 1.

CASH.				Cr.			
DATE.			L. F.	SUNDRIES.	EXPENSE.	INTEREST.	
Nov. 1	Disct.,	Notes 816-21 - - -				4	01
1	Bank	Proceeds of above - -		751	74		
13	Disct.,	E. - - - - -					16
20	"	P., 37c. ; Q., 27c. - -					64
23	"	H. - - - - -					37
24	"	F. - - - - -					24
25	"	T., 26c. ; M., \$1.43 -				1	69
29	"	A. - - - - -					94
30	"	U. - - - - -					47
30	* "	on C. Sales - - - -					65
30	Expense,	Salaries - - - - -			202	00	
30	"	Rent - - - - -			90	00	
30	"	Petty Cash Book - -			20	00	
30	A. B. Scott	- - - - -		100	00		
30	* Bank,	deposit - - - - -		502	69		
30	Disct. Dr.,	total - - - - -		12	17	312	00
30	Expense, Dr.,	total - - - - -		312	00		
30	Cash Cr.	total payments - - -		1678	69		
30	Balance on hand	- - - - -		39	05		
				1717	65		

* These amounts are the totals of similar entries made at different times during the month.

MEMO. OF BUSINESS DONE FROM DEC. 1-8.

Dec. 4.—Cash receipts by mail to-day as follows:—A.—For Invoice 18/11/190—, \$47.60, less discount, 36c. X.—For Invoice 21, 11/190—, \$28.90, less discount, 29c. Cash Sales (deduct discounts), 3% goods, \$15.40; 1% goods, \$6.24; net goods, \$24.36. Traveller's orders by mail for 1/12/190—:—L.—Sarnia—1 sack Patua Rice, 100 lbs. @ 4½c.; 1 tin Epp's Cocoa, 56 lbs. @ 37½c.; 1 case P. F. Corn, 2 doz. @ 75c.; 1 case P. F. Beans, 2 doz. @ 82½c.; 1 case M. B. Food, \$4.00; 1 case Q. Oats, \$4.00. A.—Dutton—1 bbl. Golden Syrup, 36 gals. @ 45c.; 1 bbl. White Fish, \$4.00; 1 case Tillson's Oats, \$4.00. Q.—Kingsville—1 box Layer Raisins, 25-4, 21 lbs. @ 10c.; 1 box Figs, 40-5, 35 lbs. @ 8c.; 1 box Iona Currants, 30-4, 26 lbs. @ 6½c.; 1 sack Arva Oatmeal, 75 lbs. @ 3½c.; 1 box English Blacking, 3 doz. @ 50c.; ½ chest Y. H. Tea, 91-11, 80 lbs. @ 50c. Cash payment to traveller on previous order \$19.40; less discount, 19c.

Dec. 5.—Traveller's orders by mail for 4/12/1903:—F.—Fingal—½ chest Unc. Japan, 72-10, 62 lbs. at 37½c.; 1 bag Mocha Coffee, 124-9, 115 lbs. @ 30c.; 1 bbl. Goderich Salt, \$1.25; 2 bbls. Salt Herrings @ \$2.75; 1 case B. Powder @ \$2.60. Cash payment to traveller on previous order, \$22.60, less 10%; also for net goods in above order, \$6.75. Total \$—. G.—Simeoe—1 sack Grd. Coffee, 80 lbs. @ 28c.; 10 doz. King Haddies @ \$1.00; 1 Cheese, 60 lbs. @ 15c.; 1 caddie T. & B. Tobacco, 16 lbs. @ 80c. E.—Norwich—½ chest G. M. Tea, 80 lbs. @ 28c.; 1 tin Epp's Cocoa, 16 lbs. @ 37½c.; 2 bbls. Gran. Sugar, 350-20, 314-14, 530 lbs. @ \$4.10; 2 doz. Brooms (A1) @ \$3.00. Cash payment to traveller on previous order \$14.00, less 1%. Total—. Cash Sales in warehouse (deduct discounts), 3% goods, \$40.60; 1% goods, \$24.90; net goods, \$4.50. Cash Receipts by mail to-day as follows:—C.—\$26.20, less 1%; H.—\$18.14, less 1%.

Dec. 6.—Mail order (rush):—W.—Komoka—1 bbl. Gran. Sugar, 269-14, 255 lbs. @ \$4.10; 1 bbl. Yellow Sugar, 316-11, 305 lbs. @ \$3.60; 1 sack Rice, 250 lbs. @ 5c.; 1 Cheese, 65 lbs. @ 10c.; 5 pails Lard, 20 lbs. each, @ 12½c. Traveller's orders by mail for 5/12/190—:—C.—Lakeside—1 box Codfish, 40 lbs. @ 10c.; 1 box Dates, 80-10, 70 lbs. @ 9c.; 1 case B. Powder, 4 doz., @ \$2.40. D.—Lucan—1 caddie M. N. Tea, 18 lbs., @ 70c.; 1 tin Roasted Coffee, 25 lbs., @ 36c.; 1 box Keen's Blue, 8 lbs., @ 22c.; 1 doz. Brooms @ \$2.60; 1 doz. Brooms @ \$2.10. Cash Sales (deduct discounts) 3% goods, \$22.36; 1% goods, \$10.84; Net goods, \$12.10.

Dec. 7, 1903.—Traveller's orders by mail for 6/12/190—:—J.—Aylmer—1 box Codfish, 40 lbs., @ 10c.; 1 box Dates, 80-10, 70 lbs., @ 8c.; 5 pails Lard, 20 lbs. each, @ 11c.; 1 Cheese, 60 lbs., @ 7c.; 1 sack Rice, 256-6, 250 lbs., @ 5c. Terms, draft at 30 days to cover above order and balance of invoice of 25/11/03, less discount. Face of draft \$177.12. M.—Dresden—1 box C. & B. Pickles, \$4.00; 1 box Chow Chow, \$4.00; 1 case Currants, 110-20, 90 lbs., @ 5½c.; 1 bbl. Currants, 210-30, 180 lbs., @ 4c.; 1 box Dates, 80-10, 70 lbs., @ 8c.; 4 bags Oatmeal, 50 lbs. each, @ 3c. N.—Brussels—2 bbls. Gran. Sugar, 315-20, 340-20, 340-22, 613 lbs., @ \$4.10; 2 bbls. Yel. Sugar, 297-17, 347-20, 607 lbs., @ \$3.60; 1 bbl. Salt Herrings, \$10.00; 1 box Raisins, 28 lbs., @ 8c.; 2 boxes Prunes, 56 lbs., @ 6c.; 1 box Apricots, 50 lbs., @ 10c. Cash payment on account with order, \$100.00. Cash Sales (deduct discounts), 3% goods, \$46.94; 1% goods, \$32.60; Net goods, \$27.30.

Dec. 8.—Traveller's orders by mail for 7/12/1903:—H.—Woodham—1 box Laundry Soap, \$4.00; 1 box Surprise Soap, \$4.00; 1 box Catsup, 24 pints, @ 12c.; 1 box Catsup, half pints, 24, @ 8c.; 6 tins Sodas, 60 lbs., @ 6c. E.—Granton—1 bbl. Smoked Hams, 250 lbs., at 12c.; 1 box T. & B. Tobacco, 18 lbs., @ 60c.; 10 boxes Layer Raisins, 140-20, 120 lbs., @ 10c.; 1 bbl. Molasses, 36 gals., at 48c. Cash Sales to-day (deduct discounts), 3% goods, \$24.60; 1% goods, \$13.40; Net goods, \$16.10.

Dec. 9, 1903.—Traveller's orders for 8/12/1903, presented at Office to-day:—O.—Blyth—1 Cheese, 60 lbs., @ 8c.; 2 bags Dried Apples, 100 lbs., @ 4c.; ½ chest Unc. Japan Tea, 74-10, 64 lbs., @ 37½c.; ½ chest Pekoe, 60-10, 50 lbs., @ 28c.; 6 doz. Brooms @ \$3.00; 6 doz. Brooms @ \$2. R.—Blenheim—2 sacks Oatmeal, 100 lbs., @ 7c.; 1 case Malt Breakfast Food, \$4.00; 1 pail Mustard, 40 lbs., @ 18c.; 1 gross Lamp Glasses, 12 doz., @ 50c.; 1 gross Lantern Globes, 12 doz., @ \$1.40; 1 tin Roasted Coffee, 25 lbs., @ 32c. Draw a draft for amount of above invoice and that of Nov. 10, less discounts. Face of draft, \$169.46. Mail order:—T.—Bothwell—1 bbl. Gran. Sugar, 319-11, 308 lbs., @ \$4.10; 1 bbl. Yel. Sugar, 426-11, 415 lbs., @ \$3.60; 1 case B. Powder, 4 doz., @ \$2.20; 1 case English Blacking, 3 doz., @ 50c. Cash Sales (deduct discounts), 3% goods, \$14.60; 1% goods, \$22.10; Net goods, \$9.48. Paid week's wages in full to each member of the staff as per Pay Sheet. Total, \$60.50; also travelling expenses for week to A. Drummer, \$14.00, by check. Small payments on account of expenses for week as per Petty Cash Book, \$8.40.

EXERCISE LXXVIII.

In performing the daily routing work for each member of the staff as it affects the office record for December, the student will observe the following order:—

1. For the traveller. Write out the Orders received each day from the traveller. By consulting a good Railroad map ascertain the purchaser's nearest shipping point, and mark this and the transportation Co. by which the goods are to be forwarded on the Order as the traveller would indicate.

2. For the proprietor. Examine the purchaser's a/c in the Ledger, and initial the O.K. column for Mr. Scott if the credit is satisfactory.

3. For the shipper. Place the shipper's check mark opposite every item of goods packed and delivered to the transportation Co. Write out in duplicate a Shipping Bill for each order, sign Mr. Scott's name to No. 2 and the Freight Agent's name to No. 1.

4. For the invoice clerk. Extend the prices to the proper money columns of the Order Blank and write out an Invoice from each order, giving the total amount of each class of goods as shown by the Order Blank.

5. For the accountant. Check all extensions and additions with your own check mark, post to the customers' a/cs in the Ledger, fill in the spaces for dates of invoice and shipment, and ledger folio. Punch holes in each order as indicated by the two circles and bind in your Binder Sales Journal, numbering the pages consecutively.

NOTE.—Make a complete record of one day's business before beginning that of the next, writing out and filing in their proper places all business forms and correspondence.

Though a Trial Balance is usually taken off only at the end of each month, Mr. Scott wishes you to take one off at the end of the first week, Saturday, Dec. 9, to ascertain if you have succeeded in keeping the business record accurately.

EXERCISE LXXIX.

1. The student will take the Bank Book to the bank and have all deposits and checks paid on a/c of the firm for the past week marked by the Ledger Keeper so as to show the balance to the firm's credit. He will also receive from the Ledger Keeper the vouchers for payments marked in the book.

2. Write the Bank Book as returned from the bank, showing only one payment on a/c during the week, the bank having charged the firm with \$163.60, the amount of note No. 820 under discount returned from Petrolia unpaid on 5th inst.

3. Enter in your regular Journal, "K. Dr. to Bank," with explanatory words. At the same time mark Note No. 820 in the Bill Book as follows:—"Returned Unpaid." Post to both Ledger a/cs.

4. Balance the Cash Book and post amounts of special columns, as well as sundries to the proper a/cs. Bring forward the balance on hand Dec. 11.

5. Find the total of all notes and drafts received during the week by adding the amount column in the Bill Book. Journalize this amount as follows:—"Bills Rec. Dr. \$—," and post to the debit of Bills Rec. a/c.

6. Find the total sales for the week by forwarding the amount of each Order placed in the Binder since Dec. 1 to a "Capitulation Sales" column at the end of your Journal, and journalize the total as follows:—"Mdse. Cr. \$—." Post the Sales to the Mdse. a/c in total and to the credit of the individual customers' a/cs.

EXERCISE LXXX.

Rule two pages for a Trial Balance Book at the end of your Blank Book, similar to the Recapitulation of Sales Sheet. Copy into the November column the November Trial Balance. Write at the top of the money columns, next to the right of the November balances, the heading "Dec. 9." Enter the differences between the debits and credits of all Ledger a/cs not in balance, and prove the ledger is in equilibrium.

* Before beginning the work of any day the teacher should check the work of the previous day with that done by the student, and have any possible errors corrected.

